PAN AFRICAN
RESOURCES
PLC

Integrated Annual Report 2014

OUR
VISION

To continue to build a precious metals business in Africa by remaining focussed on our four pillars of business.

INVESTMENT
CASE

Quality assets

Strong resources base in excess of 33Moz

Track record of **profitable growth**

Consistent dividends

World-class **safety** framework

People-focussed

Tight **cost** structure

CONTENTS

Further reading within this Integrated Annual Report

Further reading online: www.panafricanresources.com

Annual financial statements reference

ABOUT
THIS REPORT

Pan African Resources is incorporated in England and Wales and with a corporate office in Johannesburg, South Africa. The company is dual listed on AIM and the JSE. See Who We Are on page 6.

This is Pan African Resources' second Integrated Annual Report and a further step in the process towards full integrated reporting. We seek to present to shareholders a holistic overview of the company's financial and non-financial performance for the period 1 July 2013 to 30 June 2014, including the activities of the holding company Pan African Resources and all of its South African operations and subsidiaries. The report is a reflection of our aspiration to adhere to the highest possible standards in all endeavours, including reporting to stakeholders.

No non-financial KPIs are included for the company's investment in the Australian-listed Auroch. Disclosure in this regard is limited to financial information. Further information concerning Auroch is available at www.aurochminerals.com.

Evander Mines' financial and non-financial KPIs are included for the full year following its acquisition by Pan African Resources in March 2013.

All of the group's subsidiaries are incorporated in South Africa and their functional currency is ZAR. The group's business is conducted in ZAR and the accounting records are maintained in this same currency, with the exception of precious metal product sales, which are conducted in USD prior to conversion into ZAR. The ongoing review of the results of operations conducted by executive management and the board is also performed in ZAR.

The report includes abbreviations and terms which have been defined in the glossary on page 166.

CORPORATE INFORMATION

Ron Holding was appointed CEO during the year, effective 9 September 2013, having served as the group's Joint Interim CEO with Cobus Loots since 1 March 2013. Cobus Loots was appointed FD, effective 1 October 2013, following the resignation of Busi Sitole.

Pan African Resources' registered office has been changed effective 1 August 2013, to Suite 31, 2nd Floor, 107 Cheapside, London EC2V 6DN.

Key company data

SHARES IN ISSUE	
Pan African Resources PLC	Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3937466 on 25 February 2000
ISIN	GB0004300496
Total shares in issue	1,829,994,763

LSE/AIM	
AIM share code	PAF
Listing date	September 2005 (the company reversed into Brampton Capital and was readmitted to AIM as Pan African Resources)
Total shares in issue	271,605,032

JSE	
JSE	Gold Mining sector
JSE share code	PAN
Listing date	July 2007
Shares in issue	1,558,389,731

STRATEGIC REPORT

The strategic report on pages 4 to 56 has been approved by the board of directors and signed on their behalf by:

Ron Holding
CEO

16 September 2014

PROCESS FOR DEFINING

Report content

We have considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013.

In compiling this report the EXCO attended a workshop, facilitated by an external consultant, where group strategy, stakeholder engagement, key risks and material issues (as well as other related matters) were analysed.

We have elected to focus in this report on key risks, rather than separate material issues. Our prevailing focus, irrespective of terminology, remains those issues that materially impact our ability to create and sustain value over the short, medium and long-term and those issues and groups on which the company materially impacts in the course of doing business, as well as how these have been integrated into business strategy.

Further, the report has been prepared in line with the LSE's AIM Rules and the JSE's Listings Requirements. We have also applied the majority of principles in the King III Report with an explanation for any not so applied, and the UK Code has been taken into consideration. The report was further prepared based on GRI principles and guidance (GRI G3.1 standard disclosure guidelines and the Mining and Metals Sector Disclosure guidelines) – the Pan African Resources' Sustainability Report is compiled based on a self-declared Application Level B.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act and the UK Companies Act 2006.

SUPPLEMENTARY INFORMATION

This report represents one of three elements of Pan African Resources' 2014 financial year communication strategy with stakeholders, the other two being:

Pan African Resources' Sustainability Report, containing additional non-financial disclosures referencing GRI; and

Pan African Resources' Mineral Resources and Mineral Reserves Report, which provides detailed technical information on the mineral assets of Pan African Resources in compliance with the SAMREC Code.

The above documents, together with this 2014 Integrated Annual Report, are available at (*www.panafricanresources.com*). Printed copies can be requested from the company secretary, whose details appear on page 176.

FORWARD-LOOKING STATEMENTS

Statements in this report, other than historical facts, that address without limitation exploration activities, mining potential and future plans and objectives of Pan African Resources are forward-looking statements and forward-looking information that involve various risks, assumptions and uncertainties and are not statements of fact. The directors and management of Pan African Resources are of the belief that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections. However, such statements should not be construed as being guarantees or warranties (whether expressed or implied) of future performance.

There can be no assurance that such statements will prove to be accurate and actual values, results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from statements expressed in this report include, among others, the actual results of exploration activities; technical analysis; the lack of availability to Pan African Resources of necessary capital on acceptable terms; general economic, business and financial market conditions; political risks; industry trends; competition; changes in government regulations; delays in obtaining governmental approvals; interest rate fluctuations; currency fluctuations; changes in business strategy or development plans; and other risks.

Although Pan African Resources has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.

Pan African Resources is not obliged to publically update any forward-looking statements that are included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report other than required by regulation.

ASSURANCE

Pan African Resources' external auditors, Deloitte LLP as the statutory auditor, and Deloitte & Touche SA as the local auditor for JSE reporting purposes, have independently audited the financial statements for the year ended 30 June 2014. Their unqualified audit reports are set out on pages 100 and 101. The scope of their audit is limited to the information set out in the annual financial statements on pages 96 to 157.

Business process	Nature of assurance	Status	Assurance provider
Financial statements	Statutory audit	Assured	Deloitte LLP and Deloitte & Touche SA
Barberton Mines	ISO 9001	Assured	Alpha Agency
Evander Mines	ISO 9001	Assured	Historically by the Harmony group

Keith Spencer
Executive Chairperson

Ron Holding
CEO

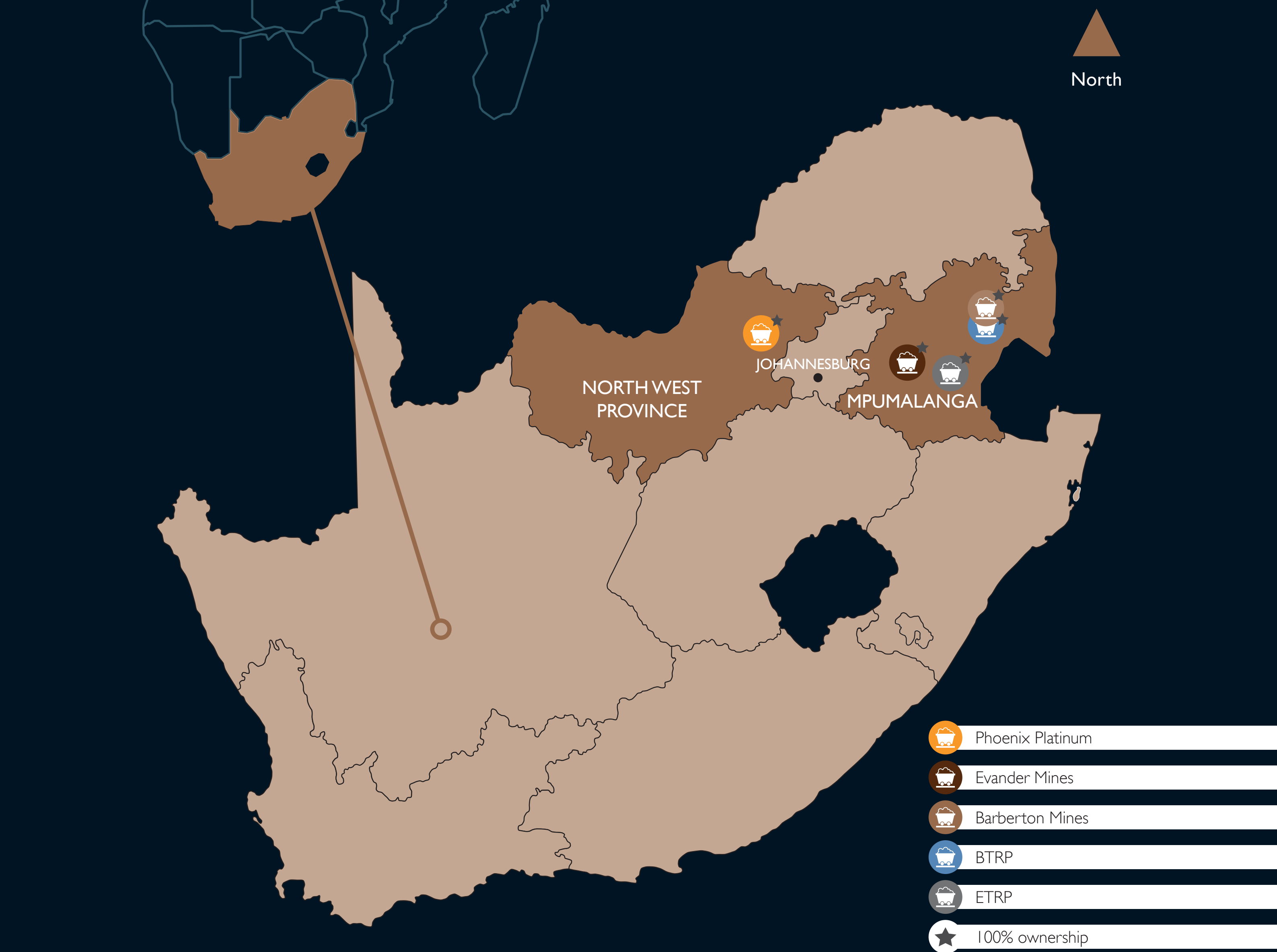
Hester Hickey
Audit Committee Chairperson

STRATEGIC
REPORT

WHO WE ARE

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

Barberton Mines: three gold mines and the BTRP in Mpumalanga
Evander Mines: a gold mine in Mpumalanga
Phoenix Platinum: the CTRP in the North West province

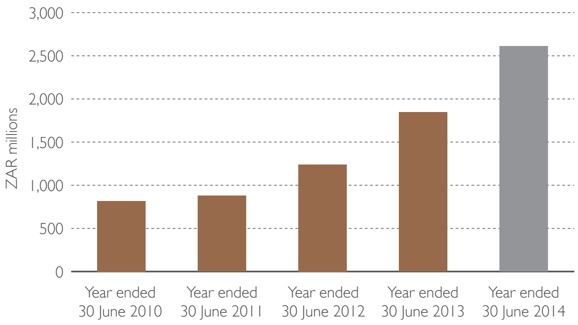


KEY FEATURES AND

HIGHLIGHTS

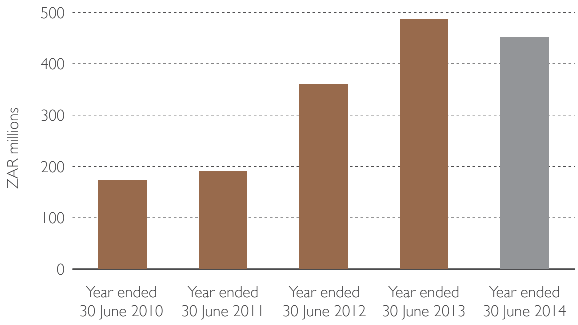
STRATEGIC REPORT

Group revenue



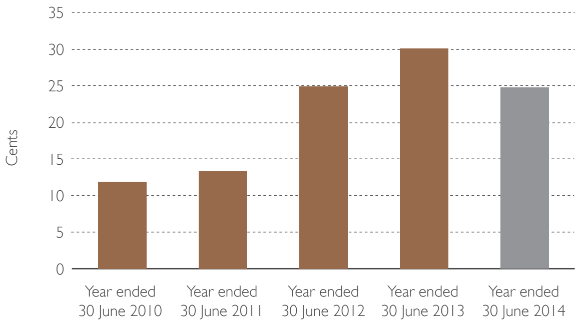
Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
817.3	879.7	1,240.3	1,848.1	2,608.8

Headline earnings



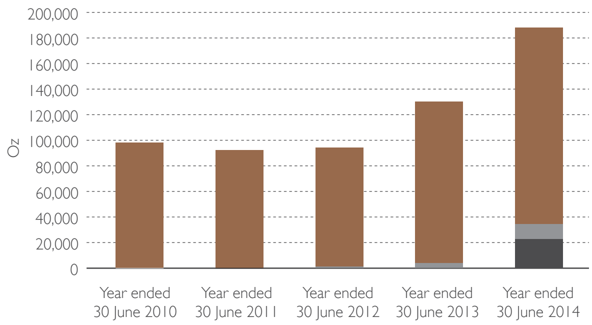
Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
174.3	190.7	359.7	487.0	452.0

Headline earnings per share



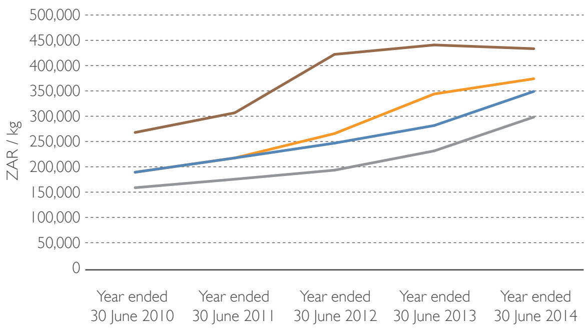
Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
11.88	13.31	24.89	30.07	24.74

Gold sold



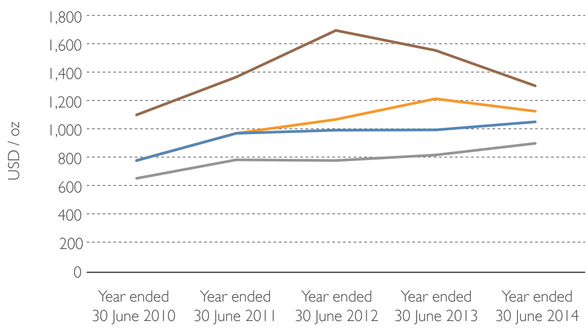
	Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
Tailings	–	–	–	–	22,885
Surface	–	–	1,068	3,836	11,359
Underground	98,091	92,197	93,381	126,657	153,935

Average ZAR cash costs vs average ZAR gold price



	Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
Average spot price received	267,876	306,757	422,215	440,824	433,437
Cash costs	158,711	175,520	193,360	231,439	298,345
All-in sustaining cash costs	189,308	217,524	246,801	281,551	349,008
All-in costs	189,308	217,524	265,713	343,949	374,015

Average USD cash costs per ounce vs average USD gold price



	Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014
Average spot price received	1,098	1,365	1,694	1,553	1,303
Cash costs	650	781	776	815	897
All-in sustaining cash costs	776	968	990	992	1,049
All-in costs	776	968	1,066	1,212	1,124

OPERATING
ASSETS

BARBERTON MINES

Location	Mpumalanga
Key facts	• Solid track record of profitability • Located in one of the world's unique greenstone belts • Mining methods continually adapted to optimise extraction
Resource	• Reserve of 18.4Mt @ 3.08g/t (1.8Moz) including BTRP and resources of 29.2Mt @ 4.03g/t (3.7Moz) • Experienced management team
Ownership	100%
Acquired/ developed	Pan African Resources acquired 74% of the operations from Metorex Ltd in July 2007; the remaining 26% was acquired from Shanduka in August 2009.
Description	Located in the Barberton greenstone belt, this is a low cost, high grade operation comprising three mines: Fairview, Sheba and New Consort. LOM of 19 years
Capacity	95koz of Au per annum
Tonnage milled/ processed:	300,000
Headgrade	11.5g/t

BTRP

Location	Mpumalanga
Key facts	See Barberton Mines
Ownership	100%
Acquired/ developed	ZAR313.6 million was invested in the construction of the BTRP up to June 2013. Production commenced on 1 July 2013.
Description	Located at Barberton Mines, the gold tailings retreatment plant commenced construction in April 2012, was completed on schedule and within budget and financed through cash generated by Barberton Mines. LOM of 15 years
Capacity	20 – 25koz per annum
Tonnage milled/ processed:	1,200,000
Headgrade	1.6g/t

EVANDER MINES

Location	Mpumalanga
Key facts	• Located in the Witwatersrand basin, which includes several potential brownfields projects for development • Reserve of 69.1Mt @ 3.72g/t (8.26Moz) and Resource of 297.0Mt @ 3.11g/t (29.7Moz) • Experienced management team
Ownership	100%
Acquired/ developed	Pan African Resources acquired the operation from Harmony during March 2013.
Description	Located in the Witwatersrand basin, current operations comprise No. 8 Shaft, several potential brownfields projects – Rolspruit, Poplar, Evander South and Elikhulu Tailings Project, the Kinross metallurgical processing plant and tailings storage facilities. The new ZAR200 million ETRP is under construction for commissioning by January 2015, with a LOM of 17 years.
Capacity	95koz per annum
Tonnage milled/ processed:	400,000
Headgrade	5.2g/t

PHOENIX PLATINUM

Location	North West
Key facts	• Diversifies group portfolio into precious metals • Tailings plant designed to extract PGE from chrome tailings • Resource of 5.9Mt @ 3.19g/t (0.6Moz) and Reserve of 5.0Mt @ 3.22g/t (0.5Moz)
Ownership	100%
Acquired/ developed	Pan African Resources acquired 100% from Metorex Ltd in May 2009. Commenced operations December 2011. Steady state production from 1 July 2012.
Description	Phoenix Platinum is a tailings plant designed to extract PGEs from chrome tailings. LOM of 28 years
Capacity	12koz PGE per annum (sulphide feedstock) 7koz PGE per annum (oxidised feedstock)
Tonnage milled/ processed:	240,000
Headgrade	3.3g/t

INVESTMENT CASE

EMERGING PRECIOUS METALS PRODUCER

- Targeting 225,000oz of gold and 12,000oz of PGEs per annum
- Total mineral resources of 33.5Moz of gold and 0.6Moz of PGE supports sustainable production

AFRICAN-FOCUSSED

- Two producing mines and two tailings retreatment plants in South Africa

DISCIPLINED APPROACH TO CAPITAL MANAGEMENT

- Strong track record of replenishing Mineral Reserves by targeting exploration and development to increase the LOMs
- The BTRP capital expenditure was within budget, and construction timeframes

STRATEGIC REPORT

COMMITTED TO LOW-COST PRODUCTION AND OPTIMISING EXTRACTION

- Focus on strong and sustainable margins
- Total mineral resources of 33.5Moz of gold and 0.6Moz of PGE supports sustainable production

DELIVERING CONSISTENT RETURNS

- Dividend maintained throughout the current low precious metals price cycle
- Robust statement of financial position

COMMITTED TO SUSTAINABILITY

- Focussed on achieving zero harm
- Legacy of environmentally responsible mining
- Strong relationships with labour, government and communities

FIVE-YEAR

REVIEW

		2014	2013	2012[1]	2011	2010
Operating performance						
Gold mining operations tonnes milled	(t)	**948,149**	512,869	308,095	296,200	313,167
Gold tailings plant processed	(t)	**815,736**	–	–	–	–
Gold headgrade – Mining operations	(g/t)	**5.8**	8.6	10.6	10.6	10.6
Gold headgrade – Tailings operations	(g/t)	**1.6**	–	–	–	–
Gold sold	(oz)	**188,179**	130,493	94,449	92,197	98,091
Gold spot price received	(USD/oz)	**1,303**	1,553	1,694	1,366	1,098
Total gold mining cash costs	(USD/oz)	**897**	815	776	781	650
PGE sold	(oz)	**7,204**	6,480	–	–	–

		2014		2013		2012[1]		2011		2010	
		ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR millions	GBP millions
Statement of comprehensive income extract											
Revenue		**2,608.8**	**154.6**	1,848.1	133.5	1,240.3	101.1	879.7	79.2	817.3	68.5
Cost of production		**(1,795.9)**	**(106.4)**	(985.1)	(71.2)	(566.0)	(46.1)	(503.6)	(45.3)	(483.8)	(40.6)
Mining profit		**637.8**	**37.8**	776.8	56.1	632.3	51.5	342.3	30.8	294.2	24.7
Adjusted EBITDA[3]		**745.5**	**44.2**	735.2	53.1	552.5	45.0	317.0	28.5	294.5	25.0
Impairment costs		**–**	**–**	(242.3)	(16.1)	(0.6)	(0.1)	–	–	(4.0)	(0.3)
Profit after taxation		**452.1**	**26.8**	558.9	42.6	358.9	29.2	190.7	17.2	173.0	14.5
Headline earnings[4]		**452.0**	**26.8**	487.0	35.2	359.7	29.3	190.7	17.2	174.3	14.6
Dividends		**(240.3)**	**(14.7)**	–	–	(95.6)	(7.4)	(60.3)	(5.4)	–	–
Statement of financial position extract											
Non-current assets		**3,941.5**	**223.4**	3,726.2	249.3	1,143.8	86.1	1,064.1	97.2	857.2	74.3
Current assets[2]		**423.4**	**23.5**	401.5	26.7	367.8	28.5	173.2	15.8	203.9	17.7
Total equity		**2,788.4**	**159.4**	2,568.8	172.2	1,357.5	102.6	992.7	90.7	847.6	73.5
Non-current liabilities		**1,144.1**	**63.5**	1,200.9	80.0	180.8	14.0	146.7	13.4	131.8	11.4
Current liabilities		**432.4**	**24.0**	361.2	24.1	142.9	11.1	98.0	9.0	81.7	7.1
Cash flows											
Cash generated from/(used in) operating activities		**360.3**	**22.2**	668.0	48.3	375.2	30.6	181.7	16.6	211.4	18.3
Capital expenditure		**(363.0)**	**(21.5)**	(381.6)	(27.6)	(213.9)	(17.4)	(233.6)	(21.0)	(70.8)	(5.9)
Net increase/(decrease) in cash and cash equivalents		**29.6**	**1.7**	(216.0)	(15.6)	140.8	11.5	(39.5)	(3.6)	127.0	10.6
Key ratios											
Return on shareholder's funds	(%)	**16.2**	**16.8**	21.8	24.7	26.4	28.5	19.2	19.0	20.4	19.7
Net debt: equity ratio	(Ratio)	**0.04**	**0.04**	0.04	0.04	(0.19)	(0.19)	(0.07)	(0.11)	(0.19)	(0.17)
Net debt: adjusted EBITDA	(Ratio)	**0.14**	**0.13**	0.13	0.12	(0.46)	(0.44)	(0.22)	(0.35)	(0.55)	(0.51)
Interest cover	(Ratio)	**38.9**	**37.9**	41.6	41.9	301.1	417.0	–	–	214.8	216.0
Current ratio	(Ratio)	**1.0**	**1.0**	1.1	1.1	2.6	2.6	1.8	1.8	2.5	2.5

		2014 Cents	2014 Pence	2013 Cents	2013 Pence	2012 Cents	2012 Pence	2011 Cents	2011 Pence	2010 Cents	2010 Pence
Statistics											
Shares in issue (millions)	(Number)	**1,830.0**		1,822.8		1,448.3		1,444.0		1,409.5	
Weighted average number of shares in issue	(Number)	**1,827.2**		1,619.8		1,445.2		1,432.7		1,366.3	
EPS	(Cents/ Pence)	**24.74**	**1.47**	34.51	2.63	24.83	2.02	13.31	1.20	11.55	1.04
HEPS [4]	(Cents/ Pence)	**24.74**	**1.47**	30.07	2.17	24.89	2.03	13.31	1.20	11.88	1.07
NAV	(Cents/ Pence)	**152.37**	**8.71**	140.93	9.45	93.74	7.09	68.74	6.28	60.13	5.21
DPS	(Cents/ Pence)	**13.14**	**0.80**	–	–	6.60	0.51	4.18	0.37	–	–
Year-end dividend yield	(%)	**5.6**	**5.7**	–	–	3.0	3.6	3.0	4.0	0.0	0.0
Year-end price earnings	(Ratio)	**10.79**	**9.69**	5.54	4.85	9.75	7.30	13.90	8.54	9.87	5.98
Volume of shares traded (millions)	(Number)	**435.5**	**199.8**	760.3	459.2	606.9	424.2	410.9	465.4	251.4	430.8
Volume traded as percentage of number in issue	(%)	**23.8**	**10.9**	41.7	25.2	41.9	29.3	28.5	32.2	17.8	30.6
Number of transactions	(Number)	**28,498**	**11,496**	30,814	16,121	21,827	13,593	18,343	10,533	11,542	5,322
Value of shares traded (millions)	(Number)	**1,029.6**	**28.3**	1,762.4	74.4	1,342.6	60.2	580.0	43.7	225.2	26.3
Traded prices											
– last sale in year	(Cents/ Pence)	**267**	**14.3**	191.0	12.8	242	14.8	185	10.2	114	6.2
– high	(Cents/ Pence)	**294**	**16.8**	299.0	21.0	299	17.4	204	11.9	126	8.2
– low	(Cents/ Pence)	**186**	**11.8**	185.0	11.8	180	9.5	109	5.5	65	4.4
– average price per share traded	(Cents/ Pence)	**236**	**14.2**	233.0	16.2	218	14.2	139	9.4	86	6.1

1 *At 30 June 2012, Phoenix Platinum had not reached steady state production, therefore all income and expenditure was capitalised.*

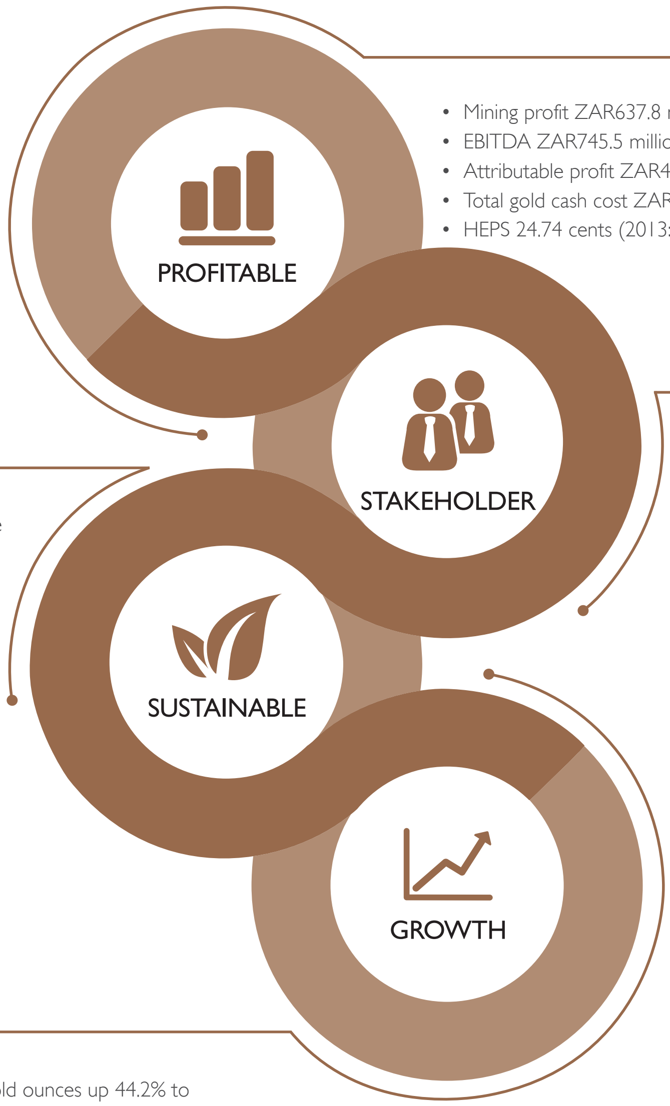
2 *Current assets at 30 June 2013 excluded non-current assets held-for-sale of ZAR3.2 million (GBP0.2 million), and at 30 June 2012 ZAR169.6 million (GBP13.1 million).*

3 *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of assets held-for-sale.*

4 *Refer to the headline earnings reconciliation in note 14 of the annual financial statements.*

A WORKING STRATEGY

OUR
STRATEGY



- Mining profit ZAR637.8 million (2013: ZAR776.8 million)
- EBITDA ZAR745.5 million (2013: ZAR735.2 million)
- Attributable profit ZAR452.1 million (2013: ZAR558.9 million)
- Total gold cash cost ZAR298,345/kg (2013: ZAR231,439/kg)
- HEPS 24.74 cents (2013: 30.07 cents)

- Proactive, strong relationships with regulators, unions and communities
- Zero incidents of labour unrest
- Appropriate remuneration practices
- Compliance with all relevant South African legislation including Mining Charter and SLPs
- Dividend declared
- Improved safety drive for zero harm
- Ongoing community self-sustaining development initiatives including localised job creation and upskilling

- Total Mineral Resource of 33.5Moz of gold and 0.6Moz of PGE
- Successful integration of Evander Mines
- Cash generative
- Dividend paying
- Relatively low cash cost gold production
- Operations standardised and aligned with group SHEQC Policy

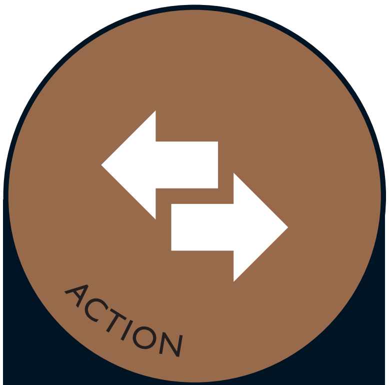
- Gold sold ounces up 44.2% to 188,179oz (2013: 130,493 oz)
- Revenue up to ZAR2,608.8 million (2013: ZAR1,848.1 million)
- Share price growth outperformed both Gold Mining indices on LSE and JSE.

Pan African Resources' growth strategy is aimed at achieving and improving margins while driving ongoing growth in our Mineral Reserve base. We aim to capture the full precious metals mining value chain and maximise shareholder value by exploiting opportunities in the group and in the broader sector.

The group remains cash generative at the current gold price, with the ability to fund all on-mine capital expenditure internally and to also meet its other funding and growth commitments.

The key drivers of our strategy are:

Fostering relationships through integrity and honesty



Leadership, planning and control

Delivering on all our targets without compromise

Maximise recovered grade

Positive impact on earnings

OUR
STRATEGY

STRATEGY SCORECARD

PROFITABLE

DELIVERABLE
- Attributable profit
- HEPS
- EBITDA
- Cost containment
- Average gold price realised
- Total gold cash cost
- Gross profit margin from gold operations
- Optimal grade/tonnage production profiles for operational and business plans

FY2014 OBJECTIVES
- Group ERP system roll-out
- Exploiting operational synergies in finance department
- Fully integrate Evander Mines into the group
- Cost containment
- Maintain dividend payments
- Remain profitable throughout the current low precious metals price cycle

SUSTAINABLE

DELIVERABLE
- Optimising Mineral Reserves for sustainable LOM production profile
- Operating profit margins
- All-in cash cost of production (ZAR/kg)
- Enabling company culture
- Environmental compliance
- Safety record
- Sufficient working capital for maintenance and growth
- Decentralised and effective management
- Engagement with local communities
- Skills development and training

FY2014 OBJECTIVES
- Growth of assets (Evander Mines acquisition; bring BTRP to full production)
- Maximise Evander Mines asset

STAKEHOLDER

DELIVERABLE
- Ongoing engagement
- SLPs and Mining Charter compliance
- Return on shareholder funds
- Dividend
- Safety record
- Union engagement and relationships
- Labour legislative compliance
- Wage increases – appropriate remuneration policies
- Total taxes collected and paid
- Job creation
- CSI spend

FY2014 OBJECTIVES
- Improve and maintain stakeholder communication and relationships

GROWTH

DELIVERABLE
- Organic (achieved within existing infrastructure)
- Expansion
- Replacement projects for depleting projects
- Brownfield projects
- Acquisitions

FY2014 OBJECTIVES
- Identify investors for brownfield projects
- Source additional ounces at low input cost
- Evaluate opportunistic acquisitions

STRATEGIC REPORT

FY2014 PROGRESS
- The group remained profitable while the gold price retracted. Profitability was supported by the commissioning of the highly cash generative BTRP
- Total gold cash cost increased as a result of Evander Mines low grade mining cycle
- The group's Finance and Procurement team remained focussed on a group procurement strategy to align operations in sourcing improved pricing and quality of goods and services
- The gold price realised in the current year decreased, reducing the operations gross profit margins
- The PGE production remained positive with improved cash generation from the prior year
- Dividend paid during FY 2014 and a new dividend proposed for approval at the AGM

FY2014 PROGRESS
- Evander Mines fully integrated at year-end
- Optimisation of Evander Mines ongoing – ETRP approved for commissioning by January 2015
- BTRP operational
- Cash balance increased to ZAR101.2 million (2013: ZAR71.6 million).
- Group capital expenditure incurred ZAR363.0 million (2013: ZAR381.6 million)
- All-in cost of production ZAR374,015/kg (2013: R343,949/kg)
- Severity of accidents: Four fatalities

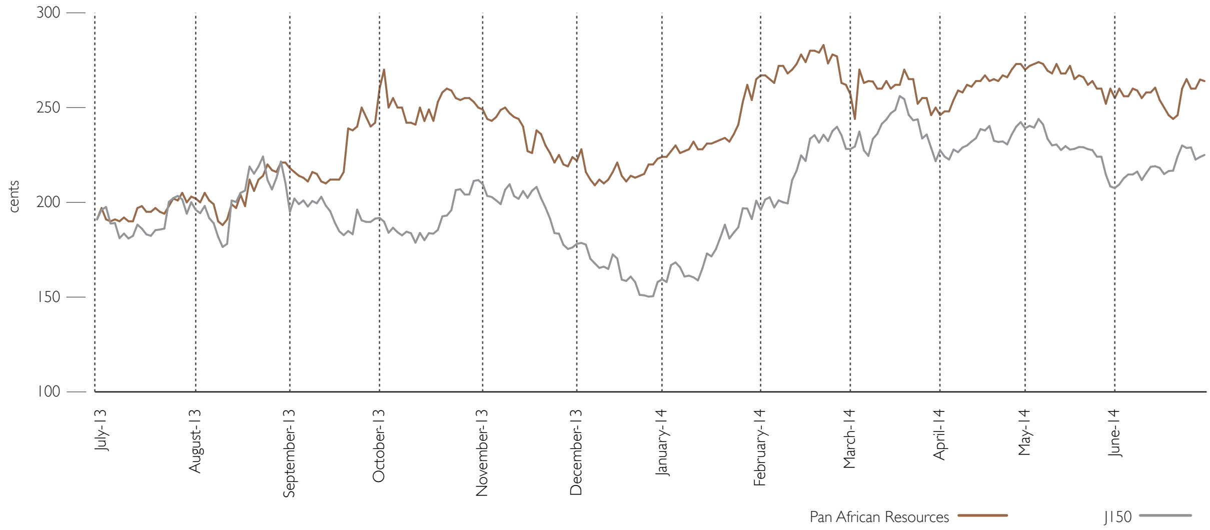
FY2014 PROGRESS
- Completed phase 2 of Sinqobile primary school including computer and science labs, library and extra classrooms (Please see our Sustainability Report on our website ***(www.panafricanresources.com)*** for further detail in this regard)
- Completed phase 4 of the Evander Mines safety programme (Vuka Sizwe) at Evander Mines (Please see our Sustainability Report on our website ***(www.panafricanresources.com)*** for further detail in this regard)
- Dividend recommended subject to approval at the AGM of 0.1410 cents per share to be paid in FY2015 (paid in 2014: 0.1314 cents per share)
- Severity of accidents: Four fatalities
- Group salaries and wages amounted to ZAR852.6 million (2013: ZAR507.0 million) or 32.7% of total group revenue
- AMCU seeking recognition remains an ongoing dialogue at Barberton Mines. Inter-union violence remains an industry threat
- Refer to value added statement on page 88 in relation to taxes paid and CSI spend

FY2014 PROGRESS
- ETRP will add 10,000oz of gold to output at a cash cost of USD826/oz
- The group assessed and implement numerous organic projects.

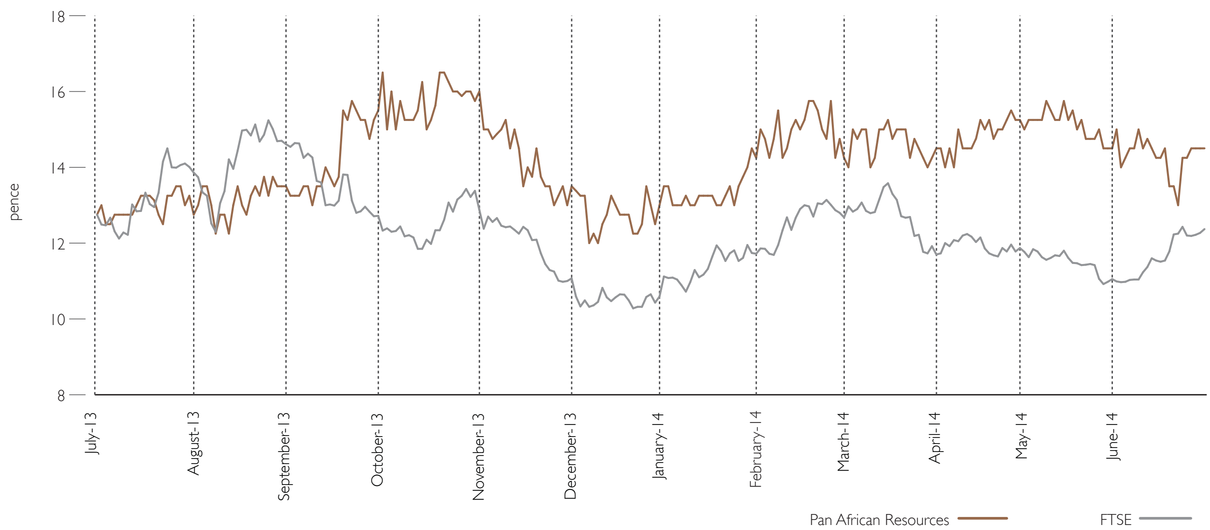
OUR
STRATEGY

SHARE PRICE
Performance

Pan African Resources relative to JSE Gold Mining Index (J150)



Pan African Resources relative to FTSE Gold Mines Index



KEY
RISKS

The material factors impacting the group's ability to create value in the immediate future and over the longer term can be grouped into three main categories:

- Macroeconomic – to an extent, beyond the group's control although the effects can be anticipated as far as possible and mitigated
- Operational – managed proactively by implementing policies and process controls
- Strategic – impacting on the group's ability to execute its strategy and therefore we can anticipate and proactively address these issues

Risk	Mitigation	Strategic pillar
Macroeconomic Single country risk (exclusive focus on South Africa)	• Future growth plans in relation to acquisitions should take cognisance of the single country exposure	Sustainable
Profitability and cash flow impacted by gold price and PGE pricing volatility and cost of production inflation; Future electricity increases	• Gold sold at prevailing market prices • Cost collar structures to mitigate gold price volatility have proven profitable • Continually aim at high-grade, low cash cost gold production • Costs continually monitored to ensure sufficient cash flows • Appropriate MRM ensures optimum grade: tonnage profiles on a sustainable basis • Capital and management resources are applied to enhance productivity and control costs • Successful operational teams supported by a lean corporate office. • Focus on cash preservation • Monitor electricity usage of major plant and machinery	Profitable
Exchange rate (ZAR weakening against the USD and GBP)	• Exchange rates monitored daily • Focus on cost control to maximise profitability per production unit	Profitable
Fluctuating commodity prices	• Cost collar structures are utilised to reduce the downside gold price risk, whilst the ZAR gold price remains volatile	Profitable
Operational Industrial action – work stoppages; higher operating costs due to wage settlements; changes in employment legislation	• Proactive, strong relationships with NUM and UASA • Recognition agreements • Collective bargaining units • Appropriate remuneration practices • Compliance with all relevant South African labour legislation • Compliance with Mining Charter and implementation of SLPs	Profitable Growth Sustainable Stakeholder
Associated union rivalry challenging recognition criteria – AMCU has a presence on Barberton Mines	• Recognition agreements • Collective bargaining units • Regulated by the Labour Act	Stakeholder

Stakeholder   Growth   Profitable   Sustainable

KEY

RISKS (continued)

Risk	Mitigation	Strategic pillar
Safety – FOG; transport; blasting; equipment handling; underground fires Issuing of section 54 stoppages on Barberton Mines and Evander Mines by the DMR due to fatalities	• Governance of SHEQC – decentralised and subject to group standardisation and oversight • Regular risk assessments • Safety management systems • Standards and procedures • Employee training • Record keeping and reporting of statistics • Audits and legal workplace inspections • Disaster action plans • Fire prevention measures	
Mining grade/tonnage profile: Low grade mining cycle at Evander Mines	• BTRP and ETRP tailings plants to ensure stable production profiles on a percentage of production • Review of additional resources to mitigate low grade mining cycles at Evander Mines • Future development planning at Evander Mines to create flexibility in terms of grade	
Health – Occupational diseases; management of HIV/Aids; silicosis; NIHL; TB	• Medical surveillance and monitoring of diseases • Annual medical examinations for all employees • Daily monitoring of workplace environment for heat, noise and airborne pollutants • Provision of medical facilities or medical aid coverage • Appropriate occupational health practices • Medical health hubs	
Environmental degradation – water pollution; contaminated water from the Kinross Kariba dam at Evander Mines; Sheba Mine flooding	• Environmental management plans in place • Monitoring and training • Pollution control and water catchment dams • Compliance with water use licence guidelines • Recycling/reuse targets • Control of arsenic in contained storage areas • Action plans to deal with flooding incidents	

Stakeholder *Growth* *Profitable* *Sustainable*

Risk	Mitigation	Strategic pillar
Strategic Reserves and Resource estimates – assumptions based	• Conservative gold and PGE price assumptions • Alignment between MRM and finance departments in relation to assumptions applied to LOM estimates	Sustainable
Integration of acquisitions and construction of new plants	• Extensive management experience • Project management	Profitable Growth Sustainable

Factors impacting productivity – low grade cycle; quality of tailings; effectiveness of extraction agents; stoppages	• Flexibility in assets and resources
	• SAMREC Resource and Reserve statement supporting the LOM assumptions
	• Variety of additional gold sources:
	  ∘ Vamping
	  ∘ Surface sources
	  ∘ Kinross Mill Floor
	  ∘ ETRP
	• On-site laboratories for tailings testing
	• Experienced and skilled management
		Profitable
		Growth

Unavailability of infrastructure – power interruptions	• Engineering risk registers for all operations • Appointment of a group consulting engineer • Planned routine maintenance contracts • Refurbishment, major overhaul and capex programmes • Engagement with Eskom on planned and unplanned power interruptions • Back-up generators provide limited power to processing plants • Power management and load monitoring • Energy-efficiency programmes	Profitable Growth

Stakeholder *Growth* *Profitable* *Sustainable*

CHAIRMAN'S
REPORT

"With the acquisition of Evander Mines, the group has evolved rapidly to become a larger operator and producer and can now certainly be classified as an African-focused mid-tier precious metals miner."

The 2014 financial year was a challenging one for the gold industry. It recorded the first annual decline in the gold price in 13 years. However, Pan African Resources remains well positioned in relation to its peers in adapting to this and responded quickly to volatile markets.

With the acquisition of Evander Mines, the group has evolved rapidly to become a larger operator and producer and can now certainly be classified as an African-focused mid-tier precious metals miner. The addition of Evander Mines in 2013 has diversified the group from the previous single asset business model and in so doing, reduced operating risk. The Evander Mines operations have been successfully integrated into the group and the newly commissioned BTRP became fully operational during the year. The group's total gold output for the year increased to 188,179oz (2013: 130,493oz), of which Evander Mines contributed 76,556oz.

In addition, the board established the following priorities for the year under review: strengthening our board and management team, enhancing our governance structure, and driving an intense focus on mining sustainably. I am pleased to report we have made solid progress in all of these areas.

Management changes

We implemented numerous board level changes in the year, most notably the appointment of Ron Holding as CEO. Ron was previously Pan African Resources' Joint Interim CEO and prior to that, closely involved with the group's operations as COO. Ron's highly experienced record has seen him occupy a number of senior positions across the various stages of developing and mining gold and platinum mineral deposits. He is a seasoned operator, with deep technical and executive skills and a proven track-record of delivering the full potential from operations under his direction. His appointment has significantly strengthened the company's market position and will help drive further growth in the year ahead.

In addition, Cobus Loots was appointed FD after holding the position of Joint Interim CEO with Ron. Cobus has been a Pan African Resources' director since 2009, having previously held the position of managing director of Shanduka. Busi Sitole resigned as FD with effect from 30 September 2013. I would like to thank Busi for her contribution to the company and wish her the best in her future endeavours.

Governance

Pan African Resources is committed to the highest standards of governance. We are pleased to have appointed Thabo Mosololi as a non-executive director in the year, reinforcing the independence of the board. He brings with him a wealth of experience in governance and audit. We also recently appointed Rowan Smith as an independent non-executive director. He was previously managing director of Shanduka and has more than 20 years' experience in the minerals and investment banking industries. His appointment will further strengthen the technical and commercial expertise available to our board.

Rob Still resigned as an independent non-executive director on 1 July 2014, after serving on the board for 10 years. I thank Rob for his invaluable contribution to Pan African Resources' journey of growth from a junior exploration company to a mid-tier miner.

Financial results

Both Pan African Resources' earnings and headline earnings declined in the year under review. Although this decline was generally attributable to factors outside of our control, such as the low grade mining cycle at Evander Mines and gold prices, we are aware that shareholders require a return on investment even over the short term. The new dividend policy (refer to page 125) and attractive dividend recommended by the board demonstrates our confidence in Pan African Resources' business going forward.

Mining sustainably

While the pervasive local labour unrest continues to pose a significant risk in our industry, we are proud to report that we did not experience significant disruptions at our operations during the year under review. Despite our best efforts, we believe that the labour environment in South Africa will be challenging for some time yet, and as such, all parties have to cooperate in order to ensure the sustainability of our industry in the future. We are committed to maintaining our good relationships with the unions by continually adopting a proactive, consultative, open-door approach.

More than 10 years ago the South African government set formal targets for social development and community upliftment as encapsulated in the Mining Charter. With 2014 marking a decade since the charter's inception, the government expectation is for mining companies to now reach full compliance. We continue to strive to meet and also exceed these targets.

A key target of the Mining Charter includes the conversion of all hostels into family units as part of a larger scheme of improving living conditions for mineworkers. We have committed substantial investment to an extensive improvement programme in this regard, upgrading and converting old hostels into single accommodation and family units at Evander Mines. In line with the Mining Charter, Barberton Mines recruits only from its local region, an area with high unemployment, which sees the majority of its employees living off-mine.

We are committed to eliminating or minimising the negative impacts of our operations and continuously look to improve our environmental performance. To this end environmental management is well integrated into management practices. In terms of our long-term environmental obligations, environmental plans at the mines are compliant with presiding regulatory requirements. Provisions in this regard are based on the net present value of the estimated cost of restoring the environmental disturbance. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. We are also constantly rehabilitating old mining areas, and reducing final closure costs in this manner.

At Pan African Resources we strongly believe that our employees and communities should benefit from our mining activities, and we continue to undertake a number of community projects with the goal that they become fully sustainable organisations in their own right over time.

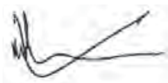
Please see our Sustainability Report on our website (*www.panafricanresources.com*) for further detail on our efforts in this regard.

Outlook

Looking forward to 2015, we expect to see further improvements in our business as we continue to drive efficiencies and streamline our activities. Specifically, 2015 will see the commissioning of the ETRP at Evander Mines in the third quarter of the financial year and in the second half it will exit the current low grade mining cycle. I am confident that the company has the team and resources in place to continue on a path of operational excellence.

Thank you

I would like to thank my fellow board members for their guidance and insight during the year. Thank you as well to our shareholders, our employees, all business partners and the industry regulators for your ongoing support of Pan African Resources.



Keith Spencer
Chairman

16 September 2014

CHIEF EXECUTIVE OFFICER'S REPORT

"Pan African Resources' quality assets and dedicated, experienced staff and management have again delivered returns for shareholders."

Year in review

I am pleased to report that we have delivered on our strategic priorities for the year under review. Despite challenges (on which I will elaborate further in this report), Pan African Resources' quality assets and dedicated, experienced staff and management have again delivered returns for shareholders. These returns can be measured in profits, but also importantly in another attractive dividend to shareholders. This dividend, and also our new policy to pay a progressive annual dividend (refer to page 125), demonstrates the board's confidence in Pan African Resources' operations, our people, and our ability to continue to deliver and improve results.

We have made good progress towards solidifying our position as an African-focussed mid-tier precious metals miner. Our annual revenue was up by 41.2% and gold production up by 44.2%. Evander Mines is now fully integrated and part of the group. At Barberton Mines, the BTRP became fully operational and has been delivering ounces at above the originally planned margin.

Nonetheless, we continued to see a challenging macro-environment during the year, and our results and margins were impacted by the continued weakness in precious metals prices as well as inflationary and other cost pressures in South Africa.

In addition and as anticipated, at Evander Mines, mining in lower grade areas also had a significant adverse impact on our financial results. We are actively implementing a number of measures to mitigate the impact of this lower grade mining cycle. Measures implemented, or in progress, to mitigate the impact of the current low grade cycle at Evander Mines include the following:

- The construction of the ETRP to yield an estimated 10,000oz of gold per annum with a LOM of 17 years. The ETRP project is progressing well and expected to be in production by January 2015.
- Surface sources throughput in the Evander Mines' plant has been increased from 18,000t per month to approximately 30,000t per month. To maintain these tonnages for the full 2015 financial year, additional sources are being investigated.
- Vamping (the mining of historical "leftovers" remaining after previous mining operations) at Evander Mines No. 7 Shaft has been expanded to include the 15 level return airway mud accumulation project. This has been contributing additional ounces from July 2014.
- Management is concentrating efforts to increase availability of conveyor belts in the Evander Mines No. 8 Shaft declines. A refurbishment programme has been implemented to effect the necessary mechanical improvements and upgrades.

STRATEGIC REPORT

- Management has rescheduled the mine planning and improved mining flexibility by increasing development rates on 25 and 25A levels at Evander Mines No. 8 Shaft to access more stoping areas.

Through focussed initiatives, exploration and planning at our operations, we have positively enhanced these valuable assets' respective LOMs:

- Barberton Mines' LOM increased to 19 years (2013: 17 years) due to exploration ounces added at Fairview Mine and Sheba Mine;
- BTRP's LOM has been increased to 15 years (2013: 12 years) by remodelling the tonnages at the Harper South dam and converting the Consort and Sheba tailings dams into a probable Mineral Reserve;
- Evander Mines' LOM was increased to 17 years (2013: 14 years) as a result of including the mining area between 25 and 26 levels at Evander Mines No. 8 Shaft, not previously in the LOM plan – now termed the Decline Extension project. A robust mine design was considered in order to convert the Mineral Resource into a Mineral Reserve;
- ETRP has established a LOM of 17 years (aligning with the life of No. 8 Shaft) and will exploit the slimes on Kinross tailings dams; and
- Phoenix Platinum's LOM has increased to 28 years (2013: 20 years).

Strategy

In the year under review we made good progress in targeting high margins at a low cost. This is borne out by the highly cost-effective BTRP operation, the construction of the ETRP at Evander Mines and a potentially larger successor plant – the Elikhulu Project (see 'Looking ahead' below).

The LOM at Evander Mines No. 8 Shaft has been increased by extending the decline system down to 26 level (the Decline Extension project) to access the resources between 25 and 26 level, which will also alleviate mining flexibility constraints by creating additional stoping areas.

Our strong balance sheet and well-established cash-generative operations are key differentiators from our peers. These provide Pan African Resources with a competitive advantage to further growth (through our operations and organic project pipeline) and also position the group to capitalise on potential acquisition opportunities. In the year ahead we will focus on maintaining our statement of financial position, while also seeking new opportunities to create value for shareholders. We plan to continue rewarding shareholders through dividends.

Health and safety

Our commitment to safety remains at the heart of our culture and is evident in the way we operate and manage the group. It was with great sadness that we experienced four fatalities in the group during the year. We extend our deepest condolences to the families, friends and colleagues of the deceased. In an effort to prevent a recurrence the group continues to focus on safety. We have implemented corrective actions to as far as possible prevent any further recurrences. Further detail in this regard can be found in our Sustainability Report on our website (*www.panafricanresources.com*).

Performance

Our flagship asset, Barberton Mines, continues to underpin the group's performance with high-margin underground production. It remains one of the lowest cost mines in South Africa. The BTRP was completed in 2013 on schedule and on budget. It supports Barberton Mines as a long life, low cost gold producer. The BTRP has increased efficiencies and further dilutes the costs at the mine as a whole. The plant became operational at the beginning of the year in review and has already achieved its targets. At year-end it was producing gold at an all-in cost of USD683/oz and a cash cost of USD493/oz.

At Barberton Mines, the successful commissioning of the BTRP assisted in offsetting a reduction in underground production which occurred when the Sheba Mine lost a month's production due to flooding caused by excessively high rainfall (just on 200mm in 10 hours) during March 2014, as well as a temporary technical setback at the central BIOX® plant.

During the year Barberton Mines' wage costs increased in excess of inflation in line with our two-year wage agreement with NUM. Labour and staff costs were further impacted by the introduction of a medical aid scheme for Barberton Mines' employees. Salaries and wages represent the greatest single cost at Barberton Mines at 44.7% (2013: 48.5%) of total production costs. These necessary increases and initiatives reflect our commitment to our people and our social obligations.

Evander Mines is performing as anticipated and contributed to the group for the full year as opposed to four months' contribution in the prior year. As planned the mine is currently operating in a low grade mining cycle that is impacting underground gold production and cash unit costs. We expect this cycle to continue until February 2015 where after mining will gradually move into the high grade cycle by August 2015. To compensate for the lower grade cycle we have increased tonnages from surface sources, targeted additional vamping areas at No. 7 Shaft and are recovering gold from the Kinross plant mill floor. During the year the board approved the necessary capital expenditure for construction of the ETRP, through the refurbishment of dormant sections of the existing Kinross metallurgical plant, to recover gold from the retreatment of gold tailings. This is envisaged to increase Evander Mines' gold production by up to 10,000oz per annum at a low cash cost of USD826/oz.

At our CTRP Phoenix Platinum's performance improved during the year and the operation saw its first year of profitability. Plant recovery rates increased to 29% during the year (2013: 21%). This was achieved through adjusting the reagent suite in the extraction process to deal with variable feed sources.

CHIEF EXECUTIVE OFFICER'S
REPORT (continued)

Our commitment to safety remains at the heart of our culture and is evident in the way we operate and manage the group.

Finally, the depreciation of the ZAR against the USD, and good control of aggregate and unit costs in ZAR terms, resulted in a lower all-in cost, for the group, of USD1,124/oz (2013: USD1,212/oz). This was achieved as result of a decrease in capital expenditure spent on the BTRP even though Evander Mines' gold production declined as result of the low grade mining cycle.

Financial performance

Group revenue year-on-year increased by 41.2% to ZAR2,608.8 million (2013: ZAR1,848.1 million). In terms of costs, the total cost of production was up 82.3% to ZAR1,795.9 million (2013: ZAR985.1 million).

During the year, ZAR39.0 million was added to the bottom line upon realising profits from zero cost collars.

We have proposed a dividend of ZAR258.0 million, a 7.4% increase from ZAR240.3 million declared in the 2013 financial year.

Please refer to the FD's Report on page 42 and the financial statements for further detail.

Commodity prices

During the year under review gold prices retreated considerably with the group realising an average gold price of USD1,303/oz, a decrease of 16.1% year-on-year. Please refer to the FD's Report on page 42 for further detail.

Looking ahead

The construction and commissioning of the ETRP is significant, as it has an estimated resource of 0.4 million ounces and adds immediate production ounces to Evander Mines. Should the ETRP project meet targets, we will evaluate a project to commission a further, much larger plant – the Elikhulu Project – situated at Evander Mines to treat tailings from the Winkelhaak, Leslie, Bracken and Kinross dam storage facilities, with an estimated resource of 1.5 million ounces.

The refurbishment of Fairview No. 2 and 3 Decline Shafts at Barberton Mines will continue for another 18 months, after which operations will revert to six shifts per week.

Once the above plans are actioned we will be on track to achieve our targeted 250,000oz of annual production from our current portfolio of assets and infrastructure.

Our brownfields project pipeline at Evander Mines also includes the Evander South, Poplar and Rolspruit projects. Evander South has estimated resources of 5.2 million ounces, Poplar 5.4 million ounces, and Rolspruit 8.9 million ounces.

Pan African Resources is also well positioned to take advantage of further growth opportunities.

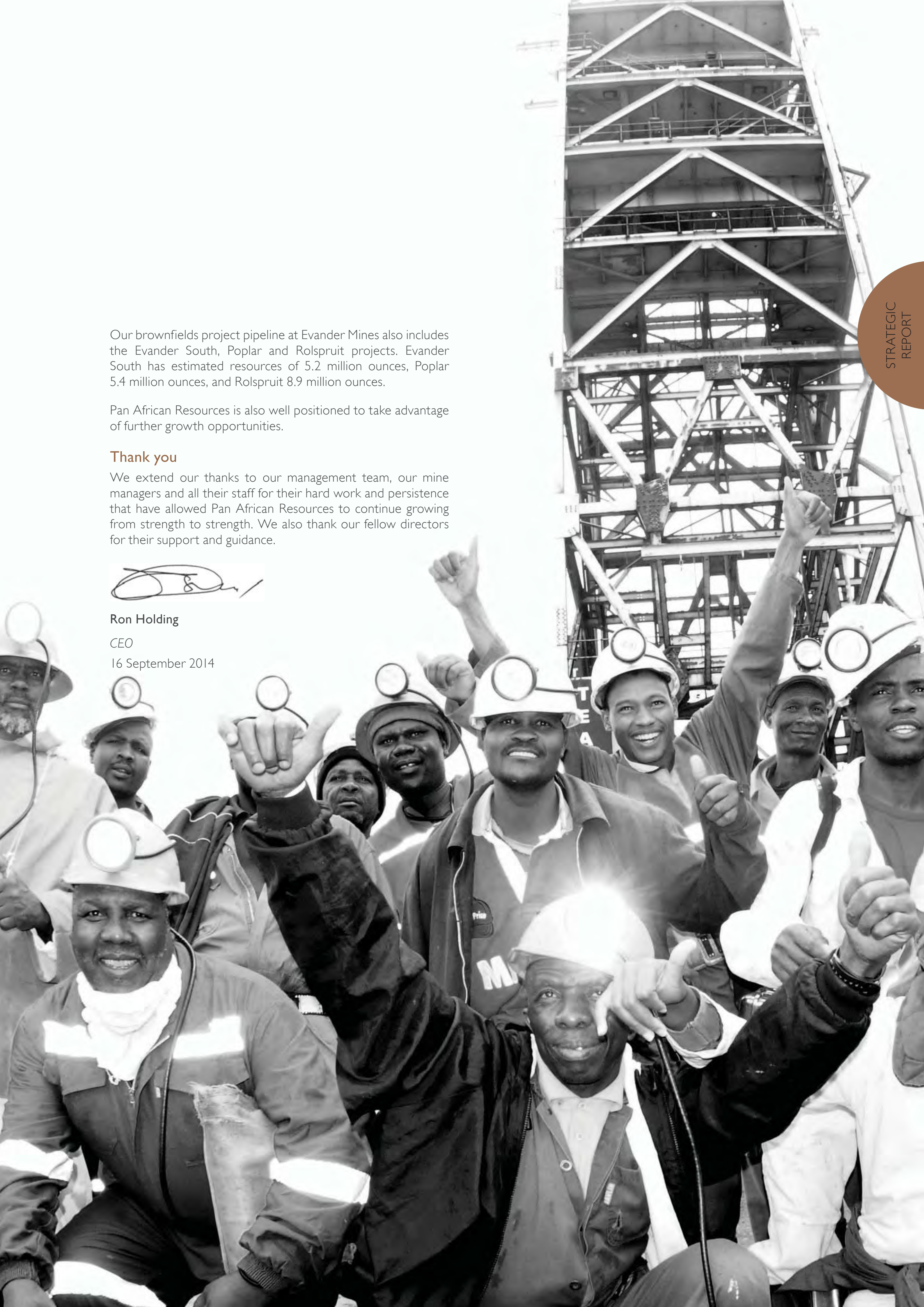
Thank you

We extend our thanks to our management team, our mine managers and all their staff for their hard work and persistence that have allowed Pan African Resources to continue growing from strength to strength. We also thank our fellow directors for their support and guidance.

Ron Holding

CEO

16 September 2014



STAKEHOLDER
ENGAGEMENT

Stakeholders are integral to the group's growth and sustainability and have been identified as one of the four key strategic pillars. Stakeholder feedback and concerns are therefore carefully considered when reviewing and refining strategy. To the group's advantage, this in turn fosters an accurate perception by our stakeholders of our business, decisions and performance.

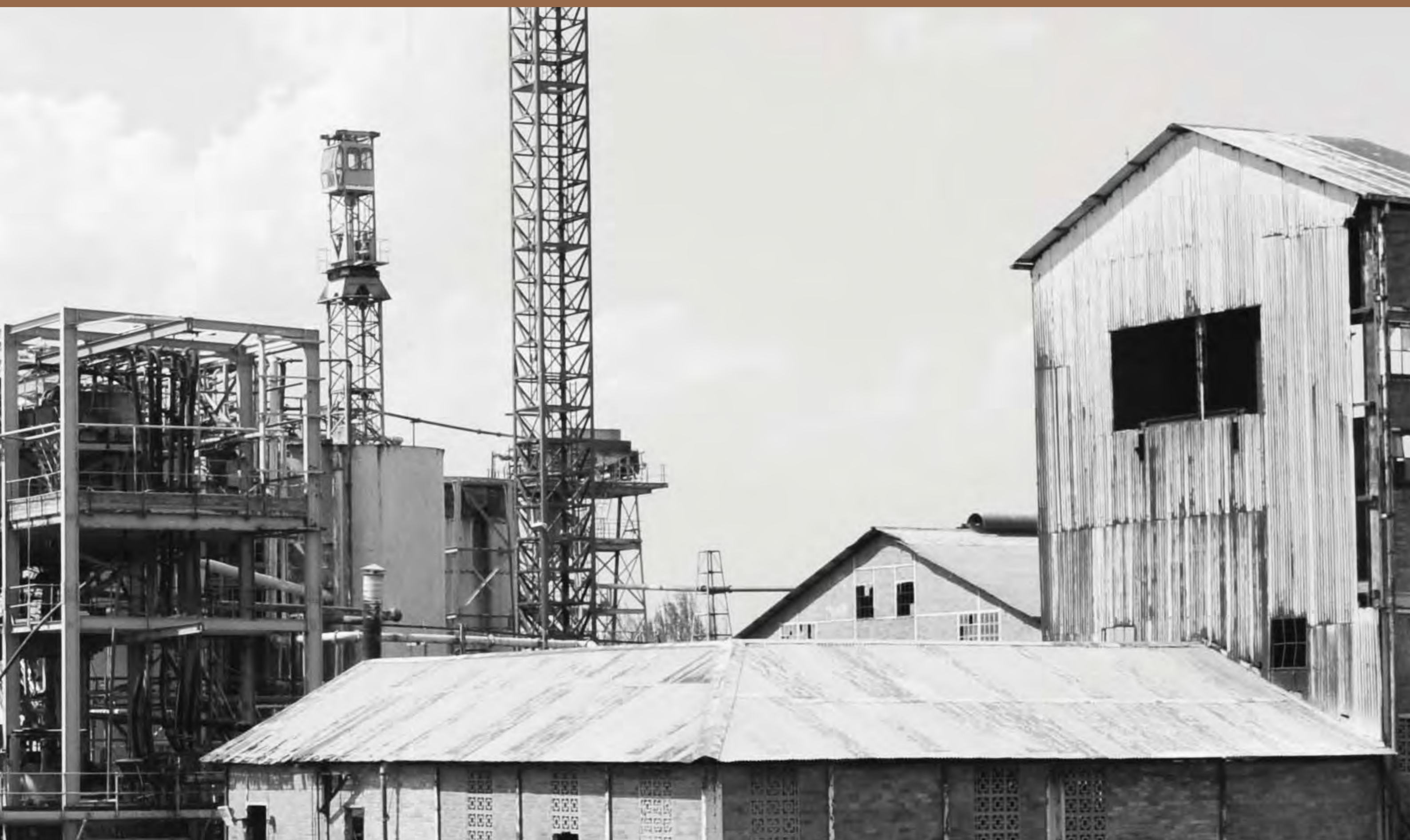
On reflection we consider our stakeholder communication to have been a key contributor to our growth trajectory. For instance, in a year characterised in the mining industry by widespread industrial action, our operations did not suffer a single organised labour unrest incident. Post year-end, Barberton Mines did however have a one-day strike action following the issuance by the CCMA of a non-resolution certificate on the matter of AMCU seeking organisational rights. Management successfully interdicted AMCU as they do not meet the necessary requirements of 45% plus one membership target, as required in the recognition agreement with NUM.

A detailed account of Pan African Resources' stakeholders and their key concerns, as identified, are set out in the table below:

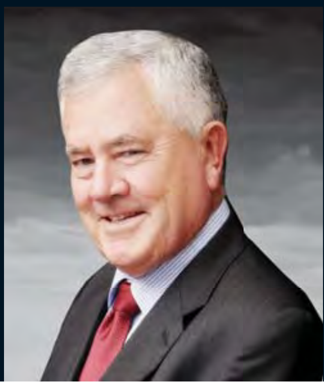
Stakeholder	What matters to them	Nature of engagement	How feedback informs strategy	Responsibility
Investors	• ROI • Financial performance • Operational performance • Union relationships • Safe mining • Accreditations and regulatory compliance • Resource and Reserve reporting	• Results presentations and roadshows • Site visits • Regulatory communications (AIM and JSE) • Ad hoc one-on-one meetings with investor community • Interim and full-year results announcements • Integrated annual report • Financier communications in terms of conformance with debt covenants • Media • Website	Poll results and feedback from presentations and one-on-one meetings discussed at EXCO	CEO FD and financial team
Employees	• Safety • Transformation • Job security • Reward and incentives • Holistic and occupational health • Skills development and training • Environmental exposure	• Bargaining council forums • Shaft committees • Health and safety structures • Supervisory and disciplinary structures • Emails • Posters • Policy and procedure documents • One-on-one supervision • Contract negotiations • Performance assessments	Discussed at OPSCO, EXCO and board level	Operational HR managers Group HR Executive

Stakeholder	What matters to them	Nature of engagement	How feedback informs strategy	Responsibility
Unions	• Health and safety • Transformation • Job security • Fair remuneration and reward	• Employee committees • Branch committees • Shaft committees • Mine committees	Discussions between unions and management occur on the mines and filter through to the corporate office Discussed at OPSCO, EXCO and board level	Group HR Executive Shaft/Mine/Branch committees
Communities	• Job creation • CSI • Environmental conservation/ protection	• Community meetings • Media	Discussed at the SHEQC Committee, EXCO and board level	General managers Community liaison managers at each operation CSI officers at each operation
Suppliers	• Group financial performance • Sustainability • Payment track record • Project pipeline (growth) • Loyalty	• One-on-one meetings	Discussed at a OPSCO and EXCO	General managers and Financial Managers Group Procurement Manager (newly appointed)
Government departments	• Transformation • Mining Charter compliance • Job creation • Safe mining • Profitable mining	• Regular and frequent communication with Departments: DMR, Labour, Water Affairs, Education and Public Works, local municipalities independent development plans	Discussed at EXCO and board level	General managers CEO
Customers	• Quality • Timeous delivery • Price • Volumes	• One-on-one meetings	Discussed at EXCO and board level	General managers Metallurgical managers

LEADERSHIP



DIRECTORATE



Keith Spencer (64)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman

Appointed: 8 October 2007

BSc Eng (Mining)

Keith is a qualified mining engineer with 35 years' practical mining experience. He has managed some of the largest gold mines in the world. 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, South Africa to 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, South Africa. In 1999 Keith joined Metorex Limited, first as a private consultant and later 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 Operations Director for Metorex Limited.

Phuthi Mahanyele (43)

NON-EXECUTIVE DIRECTOR

Deputy chairman

Appointment: 20 July 2011

BA Economics, MBA

Phuthi is the CEO of Shanduka group. She joined Shanduka in 2004 as the managing director of Shanduka Energy (Pty) Ltd, a subsidiary company of the Shanduka group. She was previously the head of the Project Finance South Africa unit at the Development Bank of Southern Africa. Prior to that, Phuthi was vice president at Fieldstone, where she joined the firm in New York in 1997 and later transferred to the South African office. She is a board member of a number of Shanduka group investee companies. She completed the Kennedy School of Government Executive Education Program's Global Leadership and Public Policy for the 21st Century at Harvard University in 2008.

Hester Hickey (60)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: 12 April 2012

CA(SA)

Hester worked at AngloGold Ashanti, initially as group Internal Audit Manager and later as Executive Officer: Head of Risk. Prior to this she worked at Ernst & Young and Liberty Life and was Acting Head of Internal Audit at Transnet. In her early career she lectured at the University of Witswatersrand, was a partner of Ironside Greenwood and was the National Technical and Training Manager at BDO Spencer Stewart. Hester has also previously served as Chairman of SAICA. She currently performs board evaluations and director training for the IoDSA and serves on several boards and audit committees.

Thabo Mosololi (44)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: 9 December 2013

BCom (Hons), UWC, CA(SA)

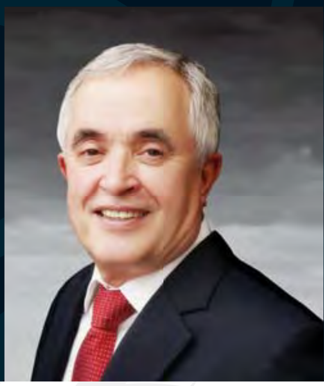
Thabo brings a wealth of experience in corporate governance and audit, having started his career at KPMG and since 1999 having served on a variety of boards as a member and chairman of audit committees in the resources and other industries in South Africa. He is currently a director of MFT Investment Holdings, where he is responsible for investment decisions in respect of B-BBEE investment opportunities.

Rowan Smith (50)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: 8 September 2014

BSc (Hons), BCom (Hons)

Rowan was the Managing Director of Shanduka and has almost two decades of collective experience in the minerals and merchant banking industries. He was previously a director at Pan African Resources from 17 September 2009 until 20 July 2011. 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.



Ron Holding (62)
EXECUTIVE DIRECTOR

CEO

Appointed: 9 September 2013

National Diploma for Technicians: Mining (Metalliferous), South African Mine Managers Certificate of Competency (Metalliferous Mining) and Programme for Management Development: University of Cape Town

Ron began his mining career in 1973 with Gencor and has since occupied a number of senior positions with exposure to the various stages of developing and mining mineral deposits. In addition to deep level gold mining, his vast experience includes the mining of platinum, diamonds and copper. He has been intricately involved with all Pan African Resources' operations since 2009 and was appointed as COO in 2010. During 2013 Ron was Joint CEO, and subsequently appointed CEO in September 2013.

Cobus Loots (36)
EXECUTIVE DIRECTOR

FD

Appointed: 26 August 2009

CA(SA), CFA® Charterholder

Cobus served articles with Deloitte & Touche and became an Audit Manager with the firm before leaving to pursue a career in finance. His experience includes mining-specific acquisitions and finance as well as the management of both exploration and production of mineral assets, most recently before 2009 as Managing Director of Shanduka. Cobus has been a director of Pan African Resources since 2009 (FD during 2009–2011, and a non-executive director during 2011–2013) and served as Joint CEO alongside Ron Holding until assuming the office of FD on 1 October 2013.

Rob Still (59)
INDEPENDENT NON-EXECUTIVE DIRECTOR

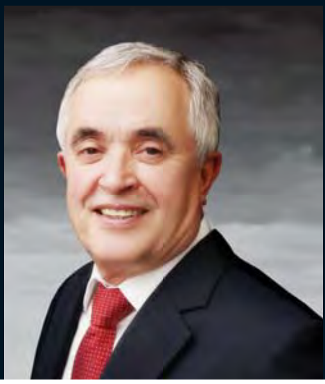
Appointed: 8 September 2004
Resigned: 1 July 2014

BCom (Hons)

Rob has vast experience in mining, specialising in mining finance. He has been involved in the mining industry worldwide, having held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the United Kingdom, including Chairman of Zimbabwe Platinum Mines Limited and of Metorex Limited. 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) and Zimbabwe Platinum Mines Limited. He started his career as a chartered accountant and became a partner of Ernst & Whinney before leaving in 1986 to co-found Rhombus Exploration Limited.

EXECUTIVE
MANAGEMENT

EXCO



Ron Holding (62)
CEO
See Directorate for CV

Cobus Loots (36)
FD
See Directorate for CV

Anaki Karigeni (46)
COO
BSc Mining Engineer

23 years of mining-related experience

Andre van den Bergh (58)
Executive: Human Resources
Diploma in HR Management, Diploma LR Management

40 years of mining-related experience

OPSCO

Casper Strydom (56)

General Manager: Barberton Mines

Mines National Higher Diploma, Metalliferous Mining Mine Managers Certificate,

38 years of mining-related experience

Manny da Silva (44)

General Manager: Evander Mines

BSc Mining Engineering (Wits), Mine Managers Certificate of Competency, Mine Overseers Certificate of Competency

24 years of mining-related experience

Bertin Mcleod (37)

Plant Manager: Metallurgy Phoenix Platinum

BTech: Chemical Engineering Management Development Certificate, Senior Management Development Certificate

13 years platinum industry experience

Neal Reynolds (31)

Group Financial Controller

BCom Accounting (Hons) (NMMU), CA(SA)

8 years financial-related experience

Barry Naicker (41)

Group Mineral Resource and Reserves Manager

MEng Mineral Resource Management (Wits, Grad Dip Engineering (MRM), BSc (Hons) Geology and Economic Geology

11 years mining-related experience

Wayne Allen (45)

Group Consulting Engineer

National Diploma Engineering, Mechanical Engineer's Certificate of Competency MAP (Wits) AMRE (SA)

24 years mining-related experience

Mandla Ndlozi (43)

Group SHEQC Manager

NADSM (Unisa), EIA (PU for CHE), MDP (GIBS), SAMTRAC (NOSA), Integrated SHEQ Management (Potch University)

14 years mining-related experience

ETHICAL
LEADERSHIP

HIGHLIGHTS FY2014

- Group tender committee
- Group Procurement Manager appointed to oversee group-wide procurement practices
- Zero reported breach of Code of Conduct and other policies

The board strives to ensure that the group conducts its business with integrity, leading by example. This commitment is formalised in a Code of Conduct (available at *www.panafricanresources.com*) which applies beyond the board to prescribed officers and all employees of the group.

The Code of Conduct sets out the group's values and practices over and above requirements of formal governance codes and legal requirements such as the King III Report and the South African and UK Companies Acts. It is designed to provide guidance as to ethical conduct in all areas and across all activities.

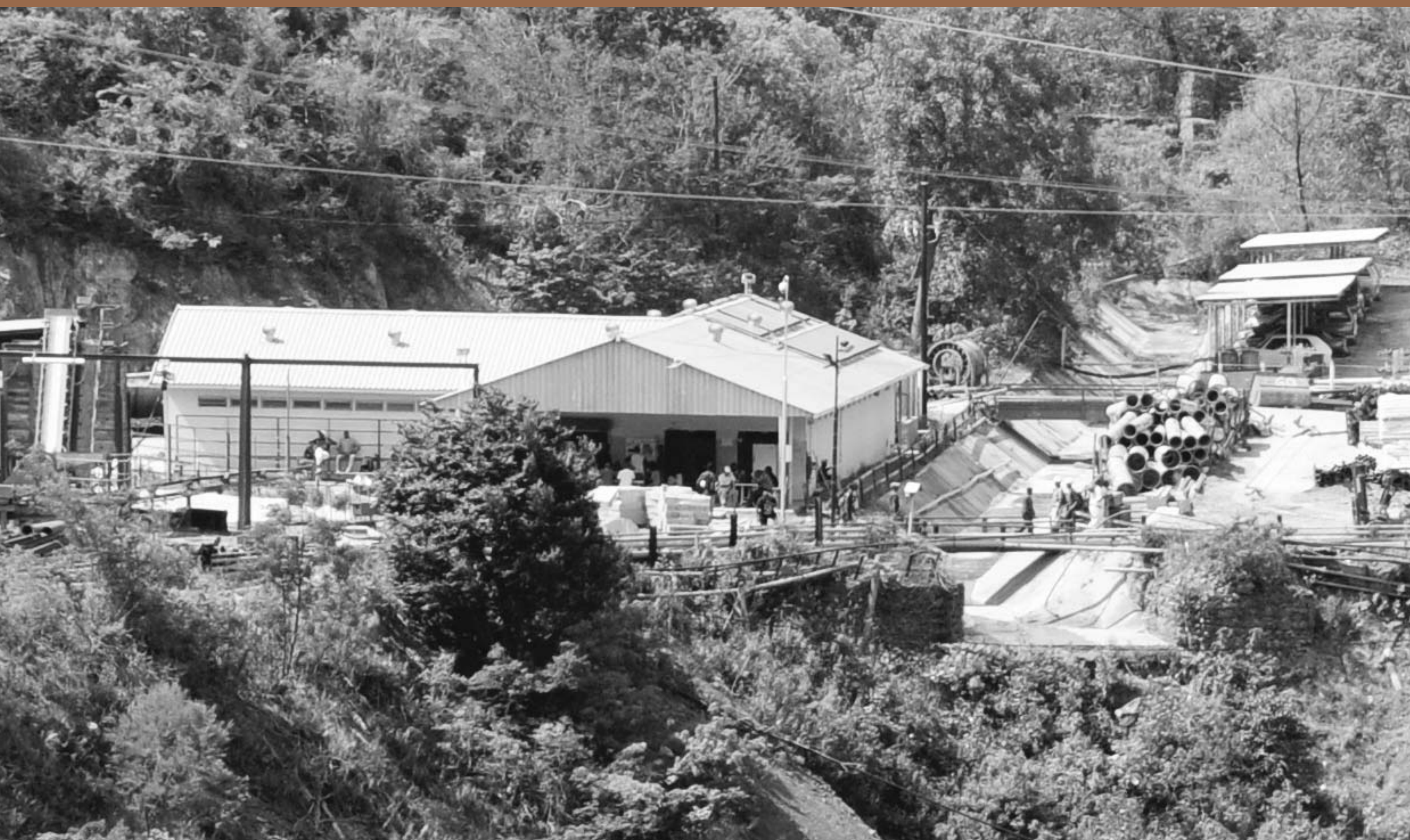
To supplement the efficacy of the Code of Conduct, directors, executive management and operational management receive ongoing training in regulations and separately, in ethical leadership.

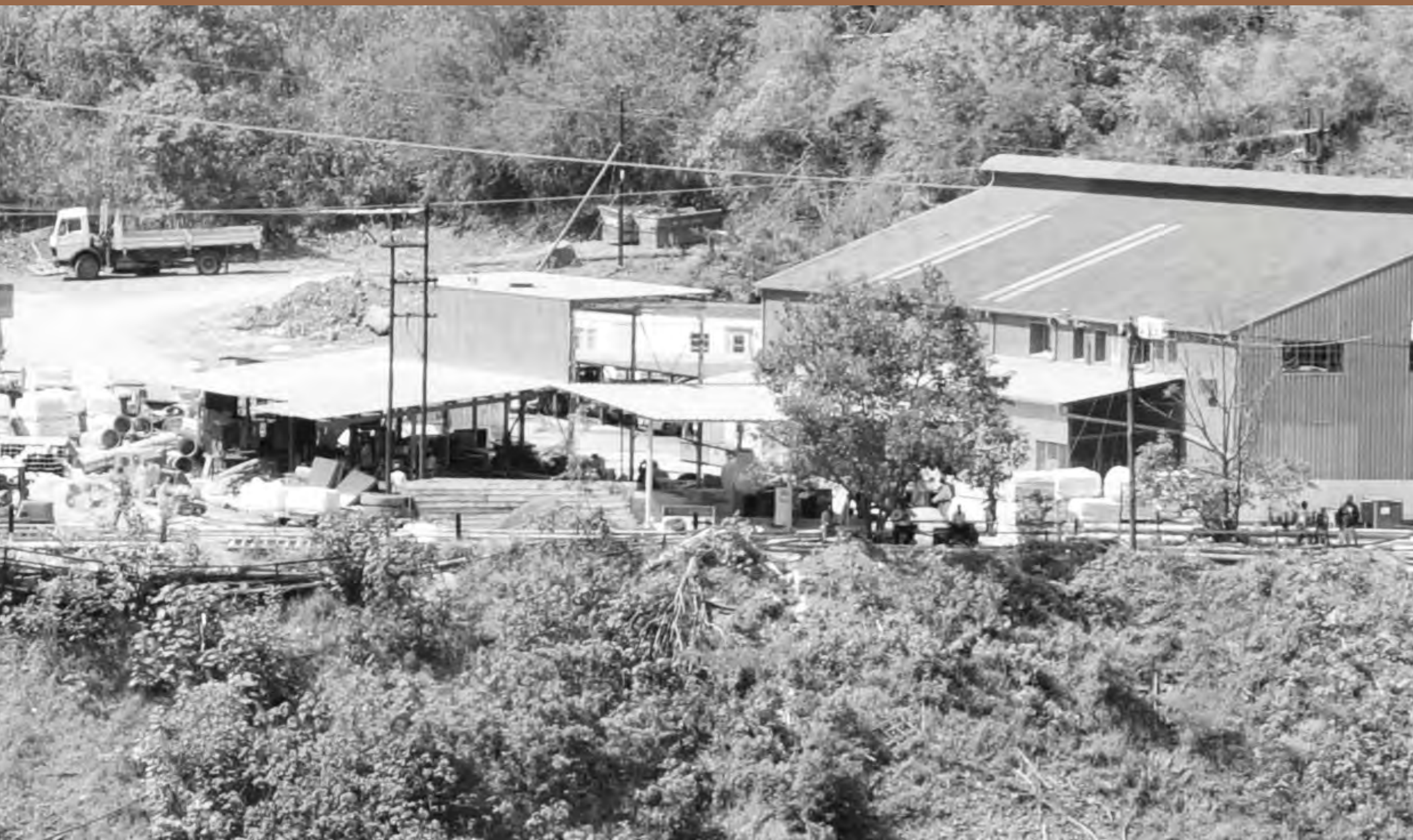
Further, Pan African Resources has a zero-tolerance approach to bribery and corruption. A separate bribery and corruption policy is in place, which is again communicated to all employees as well as to mine contractors, all of whom are expected to comply fully.

During the year the group evolved its focus on ethics to establish a dedicated group tenders committee to oversee tender processes and ensure that Pan African Resources complies fully with the UK Bribery Act in this area. In addition, a group Procurement Manager was appointed to oversee the group procurement practices in order to ensure maximum efficiency and ethical conduct when procuring goods and services within the group. Each relevant employee at each operation in the group is trained in these procurement procedures and practices.

In the event of a breach of the Code of Conduct, policies or practices above, by an employee, the group HR disciplinary procedures are followed. No breaches were reported during the year.

PERFORMANCE





FINANCIAL DIRECTOR'S
REPORT

"Pan African Resources has now revised and further clarified its dividend policy, going forward the company will pay a progressive annual ZAR dividend."

Pan African Resources remains committed to creating value for all stakeholders. For shareholders specifically, value is determined by share price performance, sustainable earnings and cash flow growth and by consistent dividends paid by the company.

The group amended its dividend policy in order to provide more certainty to its shareholders. Historically, the board has recommended an annual dividend to shareholders, for approval at the AGM. The board recognises that where possible, shareholders require a cash return on their investment. Pan African Resources has now revised and further clarified its dividend policy, going forward the company will pay a progressive annual ZAR dividend. Any dividend recommendation and payment, however, will still be dependent on prevailing gold prices and other external factors, as well as the performance of and outlook for the group. It has also recommended an attractive dividend for the 2014 financial year, demonstrating confidence in Pan African Resources' prospects going forward. In the 2014 financial year, earnings and cash flows were negatively affected by the low grade mining cycle at Evander Mines coupled with a two-year low on the gold price.

All of the group's subsidiaries are incorporated in South Africa and their functional currency is ZAR. The group's business is conducted in ZAR and the accounting records are maintained in this same currency, with the exception of precious metal product sales, which are conducted in USD prior to conversion into ZAR. The ongoing review of the results of operations conducted by executive management and the board is also performed in ZAR.

The group's presentation currency is GBP due to its ultimate holding company, Pan African Resources, being incorporated in England and Wales and also being dual-listed in the UK and South Africa.

In the year under review the average ZAR/GBP exchange rate was ZAR16.88:1 (2013: ZAR13.84:1) and the closing ZAR/GBP exchange rate was ZAR18.01:1 (2013: ZAR15.01:1). The year-on-year change in the average and closing exchange rates of 22.0% and 20.0%, respectively, must be taken into account for the purposes of translating and comparing year-on-year results.

STRATEGIC REPORT

EXTERNAL DRIVERS OF FINANCIAL RESULTS

The profitability of the group is impacted by various external and economic drivers, the most significant of which are:

- USD precious metal spot prices – determines the price received for gold and PGE produced
- USD/ZAR exchange rate – determines the value received in ZAR for gold and other metals produced and ultimately the group's revenue. Also drives specific costs of production and capital goods
- South African general inflation, wage rate and other price increases – determine the rate of increase in the group's costs – the most significant of which is salary and wage costs
- GBP/ZAR exchange rate – influences the group's reporting performance in GBP
- Interest rates – determine interest payable and received for borrowings and cash on hand

USD precious metals spot prices

During the course of the year a lower average USD gold price was achieved when compared to the prior year. The group realised an average gold price of USD1,303/oz, a decrease of 16.1% from the USD1,553/oz achieved in the prior year.

The market PGE basket price received (applying the Phoenix Platinum prill split) during the year decreased by 9.0% to USD1,122/oz (2013: USD1,233/oz). Phoenix Platinum achieved an average PGE basket price of USD965/oz (2013: USD1,030/oz), after taking into account the terms of its off-take agreement with Western Platinum Limited.

USD/ZAR exchange rate

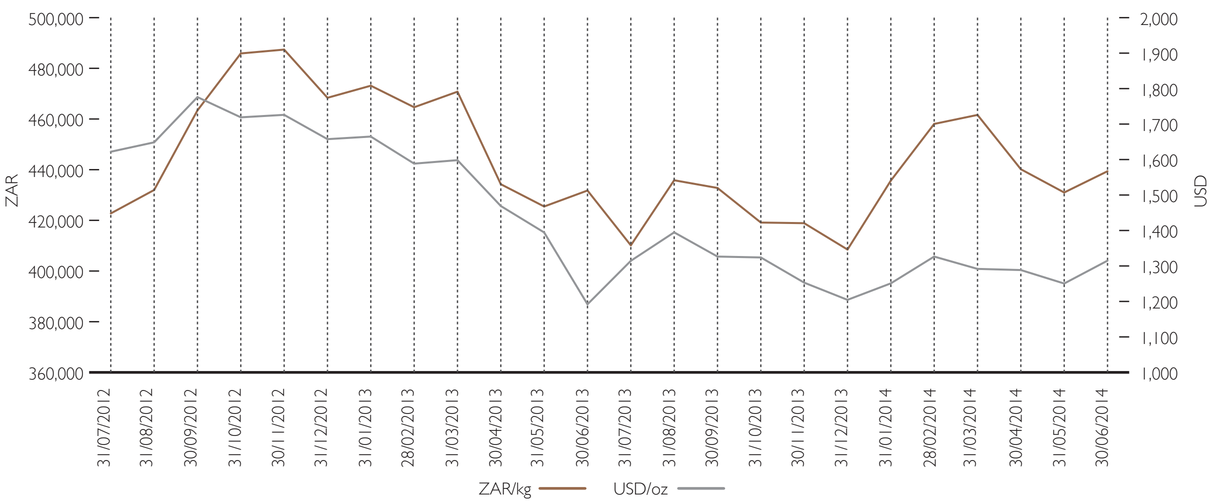
The group converts and records its revenue from precious metals sales in ZAR, and the deterioration in the value of the ZAR/USD exchange rate during the year had a compensating effect on the weaker USD metals price revenue received. The average ZAR/USD exchange rate was 17.2% weaker at ZAR10.35:1 (2013: ZAR8.83:1).

The average ZAR gold price received by the group decreased by 1.7% to ZAR433,437/kg (2013: ZAR440,824/kg), partially shielded by the weakening of the ZAR against the USD exchange rate.

The average ZAR PGE basket price received by the group increased by 9.8% to ZAR9,987/oz (2013: ZAR9,093/oz), also benefiting from the weaker ZAR.

USD and ZAR gold prices for the previous two years are represented graphically in the chart below.

Average gold price in USD/oz and ZAR/kg



FINANCIAL DIRECTOR'S REPORT (continued)

South African inflation, wage rate and other cost increases

During the year the CPI was reported at 6.6% (2013: 5.5%). The main indicator of PPI was recorded at 8.1% (2012: 5.9%).

The group was able to negotiate a two-year wage deal effective 1 July 2013 to 30 June 2015 at our gold mining operations. The agreed increases were:

Year 1:

1. Category workers (union – NUM) – between 7.5% – 8.5%
2. Union officials (union – UASA) – 7.5%

Year 2:

1. Category workers (union – NUM) – average CPI% + 1%
2. Union officials (union – UASA) – average CPI% + 1%

Electricity price inflation

Electricity remains one of the largest cost contributors to the gold mining and platinum retreatment operations. The group's electricity costs of ZAR253.6 million represent a total of 14.1% of the group's total cost of production of ZAR1,795.9 million. Eskom's electricity increases in the current year amounted to 8% (2013: 16%). Eskom's most recent communication that there is a possibility of an additional 4% increase above the planned 8% increase in the 2015 financial year, will have a material effect on the group's production costs.

GBP/ZAR exchange rate

Given that the ZAR's performance against the GBP is a key determinant of the GBP results, it is important for shareholders both in South Africa and in the UK to be aware of the effect this exchange rate has on reported results. The value of the ZAR against the GBP deteriorated for the major part of the year under review. The average ZAR/GBP exchange rate was 22.0% weaker at ZAR16.88:1 when compared to the previous year (2013: ZAR13.84:1).

Interest rates

The group pays a margin of 280 basis points above the Johannesburg interbank agreed rate (JIBAR) on its Revolving Credit Facility (RCF) balance outstanding, and receives interest on cash on hand at quoted call account rates. Changes in interest rates affect the interest expense and income. JIBAR at 30 June 2014 was quoted at 5.7% (2013: 5.0%).

Financial objectives scorecard

In the 2013 Integrated Annual Report, the group set specific financial objectives for the 2014 financial year. The objectives and detail of the performance against these objective are summarised as follows:

1. **Fully integrate Evander Mines into the group**
   Evander Mines successfully implemented a new enterprise resources planning system, Microsoft Dynamics 2012 during the year to align with Barberton Mines' systems, in turn assisting the group in aligning the reporting of and comparison between the operations. Evander Mines' procurement has been integrated into Barberton Mines' procurement department to leverage group economies of scale and achieve improved pricing, sourcing and quality of goods. The new system was also successfully implemented at Phoenix Platinum and the Pan African Resources' corporate office.

2. **Cost containment**
   Management teams at our gold mining operations were able to lock in a two-year wage agreement. Wage costs significantly impact the cost of the operations averaging about 47.5% of the group's cost of production. The effective increases of the wage in year two would be closely linked to CPI versus the current year under review, due to the introduction of a medical aid scheme at Barberton Mines over and above the standard agreed increases.

   CPI increased from 5.5% to 6.6% in FY2014, putting pressure on the annual production cost increases. Production costs at Barberton Mines increased in the current year due to the commissioning of the BTRP resulting in additional gold production as well as costs. The procurement teams, now reporting to a newly appointed, dedicated group procurement function, have implemented a procurement strategy to ensure long-term effective procurement to assist with cost containment.

3. **Maintain dividend payments**
   The group paid a dividend of ZAR240.3 million in December 2013, therefore re-introducing the dividend following the Evander Mines' acquisition. The dividend represented a yield of 5.6% when recommended by the Pan African Resources board.

STRATEGIC REPORT

UNPACKING THE FINANCIAL PERFORMANCE

Revenue, profitability and dividends

	Metric	For the year ended 30 June 2014		For the year ended 30 June 2013		Movement %	
Revenue	(ZAR millions – GBP millions)	**2,608.8**	**154.6**	1,848.1	133.5	41.2	15.8
Average gold price received	(ZAR/kg – USD/oz)	**433,437**	**1,303**	440,824	1,553	(1.7)	(16.1)
Cash costs	(ZAR/kg – USD/oz)	**298,345**	**897.0**	231,439	815.0	28.9	10.1
All-in sustaining cash cost	(ZAR/kg – USD/oz)	**349,008**	**1,049**	281,551	992	24.0	5.7
All-in costs	(ZAR/kg – USD/oz)	**374,015**	**1,124**	343,949	1,212	8.7	(7.3)
Adjusted EBITDA[1]	(ZAR millions – GBP millions)	**745.5**	**44.2**	735.2	53.1	1.4	(16.8)
Attributable earnings	(ZAR millions – GBP millions)	**452.1**	**26.8**	558.9	42.6	(19.1)	(37.1)
EPS	(Cents/Pence)	**24.74**	**1.47**	34.51	2.63	(28.3)	(44.1)
HEPS	(Cents/Pence)	**24.74**	**1.47**	30.07	2.17	(17.7)	(32.3)
Group capital expenditure	(ZAR millions – GBP millions)	**363.0**	**21.5**	381.6	27.6	(4.9)	(22.1)
Net asset value per share	(Cents/Pence)	**152.4**	**8.7**	140.9	9.5	8.1	(8.4)
Weighted average number of shares in issue	(millions)	**1,827.2**	**1,827.2**	1,619.8	1,619.8	12.8	12.8
Average exchange rate	(ZAR:GBP – ZAR:USD)	**16.88**	**10.35**	13.84	8.83	22.0	17.2
Closing exchange rate	(ZAR:GBP – ZAR:USD)	**18.01**	**10.59**	15.01	9.88	20.0	7.2

1 Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation and loss on disposal of assets held-for-sale.

The 2014 group results include a full year of operations for Evander Mines, whilst the comparative 2013 period only included four months of operations, from the date that Evander Mines was acquired from Harmony.

Group revenue year-on-year increased by 41.2% to ZAR2,608.8 million (2013: ZAR1,848.1 million). Of this increase, Evander Mines contributed ZAR586.9 million, Barberton Mines contributed ZAR160.8 million, and Phoenix Platinum contributed ZAR13.0 million resulting in a ZAR760.7 million total increase year-on-year.

Barberton Mines grew revenue as a result of an increase in gold ounces sold, with the commissioning of the BTRP on 1 July 2013. Evander Mines' revenue increased as result of consolidating a full year's production revenue compared to only four months post-acquisition revenue in the prior year. Phoenix Platinum recorded an increase in revenue due to selling more ounces of PGEs at higher prices.

The group realised an average gold price of ZAR433,437/kg (2013: ZAR440,824/kg) and an average PGE basket price received of ZAR9,987/oz (2013: ZAR9,093/oz).

Pan African Resources' year-on-year total cost of production reflects an increase of ZAR810.8 million to ZAR1,795.9 million (2013: ZAR985.1 million), of which Barberton Mines' contributed ZAR166.2 million, Evander Mines ZAR637.9 million and Phoenix Platinum ZAR6.7 million.

The group's cost of production per kilogram increased by 28.9% to ZAR298,345/kg (2013: ZAR231,439/kg). Evander Mines' cost of production averaged ZAR384,150/kg compared to Barberton Mines' average cost of production of ZAR239,496/kg.

The group has adopted reporting cash costs in line with the recommendation of the World Gold Council.

The group's all-in sustaining cash cost of production per kilogram (including direct cost of production, royalties, associated corporate costs and overheads and sustaining capital expenditure) increased by 24.0% to ZAR349,008/kg (2013: ZAR281,551/kg), largely impacted by Evander Mines' lower grade mining cycle.

The all-in cost per kilogram (sustaining cost of production and once-off expansion capital) increased by 8.7% to ZAR374,015/kg (2012: ZAR 343,949/kg), due to:

1. Lower gold ounces sold as a result of the Evander Mines low grade mining cycle and Barberton Mines reduced underground gold ounce sold as result of the Sheba Mines flooding.
2. Once-off capital expenditure required to construct the ETRP amounted to ZAR79.2 million. The construction of the ETRP is currently funded by a ZAR200 million gold loan facility with a remaining term of 3.5 years.
3. Barberton Mines incurred additional once-off capital totalling ZAR26.5 million (2013: ZAR2.6 million) on four additional raise boreholes to improve environmental conditions underground.

FINANCIAL DIRECTOR'S
REPORT (continued)

The improved overall production performance at Barberton Mines was as a result of the commissioning of the BTRP, which contributed an additional 22,885oz of gold production. The group's adjusted EBITDA remained largely in line with the previous year, with a small increase of 1.4% to ZAR745.5 million (2013: ZAR735.2 million).

Profit after taxation decreased by 19.1% to ZAR452.1 million (2013: ZAR558.9 million), primarily due to the points highlighted in the HEPS movement below as well as prior year's results which included a net income amount of ZAR71.9 million as summarised below:

- Evander Mines acquisition bargain purchase gain of ZAR322.4 million;
- Impairment charges of ZAR242.3 million related to Phoenix Platinum and Auroch;
- Loss on sale of asset held-for-sale of ZAR8.2 million.

The group's EPS in ZAR was 24.74 cents (2013: 34.51 cents) a decrease of 28.3%.

The group posted a 7.2% decrease in headline earnings to ZAR452.0 million (2013: ZAR487.0 million). The group's HEPS in ZAR terms decreased by 17.7% to 24.74 cents (2013: 30.07 cents).

The HEPS decreased due to the following reasons:

- The low grade mining cycle at Evander Mines, which resulted in reduced production and profits compared to the prior year;
- Barberton Mines underground production decreased largely as result of flooding at Sheba Mine during March 2014, this was however off-set by the additional gold production contributed to the group by the commissioning of the BTRP;
- The group realised a 1.7% decrease in the average ZAR gold price received to ZAR433,437/kg (2013: ZAR440,824/kg), whilst our production costs were subject to inflationary increases.
- The weighted average number of shares in issue increased by 12.8% during the year to 1,827.2 million (2013: 1,619.8 million). This increase was due to the new shares issued in January 2013 in the rights issue to shareholders, to partly fund the acquisition of Evander Mines.

The group's total taxation charge decreased by 28.1% to ZAR120.8 million (2013: ZAR167.9 million) due to:

- a decrease in deferred taxation as result of an adjustment to Evander Mines' long-term deferred taxation rate to 26.5% (2013: 28%).
- a reduction in gold profit margins due to the lower average ZAR gold price and margins in the year under review when compared to the prior year.

The group paid a dividend of ZAR240.3 million (GBP14.7 million) for the 2013 year, equating to ZAR0.1314 per share (0.80p per share).

The board has proposed a dividend of ZAR258.0 million (approximately GBP14.5 million[1]) for the 2014 financial year, equating to ZAR0.1410 per share (approximately 0.7898p per share[1]), resulting in a dividend cover of 1.8 times.

1 The GBP proposed dividend was calculated based on an exchange rate of ZAR17.85:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.7898p per share.

Financial position and resource allocation

	For the year ended 30 June 2014		For the year ended 30 June 2013		Movement	
	ZAR (millions)	GBP (millions)	ZAR (millions)	GBP (millions)	ZAR (%)	GBP (%)
Non-current assets	**3,941.5**	**223.4**	3,726.2	249.3	5.8	(10.4)
Current assets	**423.4**	**23.5**	401.5	26.7	5.5	(12.0)
Total equity	**2,788.4**	**159.4**	2,568.8	172.2	8.5	(7.4)
Non-current liabilities	**1,144.1**	**63.5**	1,200.9	80.0	(4.7)	(20.6)
Current liabilities	**432.4**	**24.0**	361.2	24.1	19.7	(0.4)

1 Current assets at 30 June 2013 exclude non-current assets held-for-sale of ZAR3.2 million (GBP0.2 million), relating to Barberton Mines' Segalla Plant.

Non-current assets increased by 5.8% to ZAR3,941.5 million (2013: ZAR3,726.2 million). The increase was partly attributable to further capital expenditure at Evander Mines for the construction of the ETRP, expected to commence production in January 2015. The group's capital expenditure by operation of ZAR363.0 million (2013: ZAR381.6 million) is disclosed below and also contributed to the increase in non-current assets. Included in non-current assets is also the rehabilitation trust fund balance of ZAR278.4 million (2013: ZAR254.8 million), which increased by ZAR23.6 million as a result of growth in investments. The rehabilitation trust fund's amount is invested in interest-bearing short-term investments or medium-term equity linked notes issued by commercial banks.

Capital expenditure during the year amounted to ZAR363.0 million (2013: ZAR381.6 million), and is detailed by operation below:

Group capital expenditure	2014 ZAR (millions)	2014 GBP (millions)	2013 ZAR (millions)	2013 GBP (millions)
Barberton Mines	**110.3**	**6.5**	87.2	6.3
BTRP	**40.7**	**2.4**	229.6	16.6
Evander Mines	**131.3**	**7.8**	62.4	4.5
ETRP	**79.2**	**4.7**	–	–
Phoenix Platinum	**0.4**	**–**	2.2	0.2
Corporate	**1.1**	**0.1**	0.2	–
Total capital expenditure	**363.0**	**21.5**	381.6	27.6

Current assets increased by 5.5% to ZAR423.4 million (2013: ZAR401.5 million) as a result of an increase in cash on hand to ZAR101.2 million (2013: ZAR71.6). The group remains cash generative with a net debt position of ZAR101.0 million (2013: ZAR93.6 million) at year-end, which includes the gold loan outstanding with Absa.

The increase in the group's equity is a result of an increase in retained earnings, due to this year's profit after tax of ZAR452.1 million, less the dividend paid of ZAR240.3 million in December 2013.

Non-current liabilities decreased by 4.7% to ZAR1,144.1 million (2013: ZAR1,200.9 million). The decrease is a result of a 3.8% decrease in the deferred taxation liability to ZAR780.8 million (2013: ZAR811.3 million) due to a downward revision of the long-term effective tax rate at Evander Mines to 26.5% (2013: 28%). The deferred taxation rate applied to calculate the deferred tax liability is based on the effective statutory taxation rate at which the deferred taxation liability is estimated to be realised over the life of the operation.

Current liabilities increased by 19.7% to ZAR432.4 million (2013: ZAR361.2 million). The majority of the increase is attributable to an increase in the current portion of new long-term debt related to the Absa gold loan and an increase in the current taxation liability from the prior year.

Share price and return performance

Pan African Resources' share price performed well in the year relative to the FTSE/JSE gold mining index (SA gold mining index), and outperformed its peers within the SA gold mining index (see page 20). The AIM share price performance reflects that the group remained competitive and in line with its peers during the year, again outperforming on occasion.

The group's dividend yield had improved from 3.0% in 2011 to 5.6% in the 2014 financial year.

Financial objectives for the 2015 financial year

1. Maintain attractive dividend payments
2. Improve profitability from current operations
3. Implement earnings and cash flow accretive growth

Cobus Loots
FD

16 September 2014

OPERATIONAL
PERFORMANCE

GOLD OPERATIONS

	Year ended 30 June	Units	Underground and surface operations			Tailings operations	Total continuing operations		
			Barberton Mines	Evander Mines[1]	Total	BTRP	Barberton Mines total	Evander Mines total[1]	Group total
Tonnes milled – underground	**2014**	(t)	**263,574**	**395,127**	**658,701**	**–**	**263,574**	**395,127**	**658,701**
	2013	(t)	274,398	127,957	402,355	–	274,398	127,957	402,355
Tonnes milled – surface	**2014**	(t)	**28,547**	**260,901**	**289,448**	**–**	**28,547**	**260,901**	**289,448**
	2013	(t)	36,086	74,428	110,514	–	36,086	74,428	110,514
Tonnes milled – underground and surface	**2014**	(t)	**292,121**	**656,028**	**948,149**	**–**	**292,121**	**656,028**	**948,149**
	2013	(t)	310,484	202,385	512,869	–	310,484	202,385	512,869
Tonnes processed – tailings	**2014**	(t)	**–**	**–**	**–**	**815,736**	**815,736**	**–**	**815,736**
	2013	(t)	–	–	–	–	–	–	–
Headgrade – underground	**2014**	(g/t)	**11.5**	**5.2**	**7.7**	**–**	**11.5**	**5.2**	**7.7**
	2013	(g/t)	11.8	7.8	10.5	–	11.8	7.8	10.5
Headgrade – surface	**2014**	(g/t)	**1.3**	**1.4**	**1.4**	**–**	**1.3**	**1.4**	**1.4**
	2013	(g/t)	1.5	1.2	1.3	–	1.5	1.2	1.3
Headgrade – total underground and surface	**2014**	(g/t)	**10.5**	**3.7**	**5.8**	**–**	**10.5**	**3.7**	**5.8**
	2013	(g/t)	10.6	5.4	8.6	–	10.6	5.4	8.6
Headgrade – taililngs	**2014**	(g/t)	**–**	**–**	**–**	**1.6**	**1.6**	**–**	**1.6**
	2013	(g/t)	–	–	–	–	–	–	–
Recovered grade	**2014**	(g/t)	**9.4**	**3.6**	**5.4**	**0.9**	**3.1**	**3.6**	**3.3**
	2013	(g/t)	9.6	5.1	7.9	–	9.6	5.1	7.9
Overall recovery	**2014**	(%)	**90**	**96**	**92**	**56**	**80**	**96**	**86**
	2013	(%)	91	96	92	–	91	96	92
Gold production – underground	**2014**	(oz)	**87,979**	**65,956**	**153,935**	**–**	**87,979**	**65,956**	**153,935**
	2013	(oz)	95,135	31,522	126,657	–	95,135	31,522	126,657
Gold production – surface	**2014**	(oz)	**759**	**10,600**	**11,359**	**–**	**759**	**10,600**	**11,359**
	2013	(oz)	1,161	2,675	3,836	–	1,161	2,675	3,836
Gold production – tailings	**2014**	(oz)	**–**	**–**	**–**	**22,885**	**22,885**	**–**	**22,885**
	2013	(oz)	–	–	–	–	–	–	–
Gold sold	**2014**	(oz)	**88,738**	**76,556**	**165,294**	**22,885**	**111,623**	**76,556**	**188,179**
	2013	(oz)	96,296	34,197	130,493	–	96,296	34,197	130,493
Average ZAR gold price received	**2014**	(ZAR/kg)	**435,464**	**430,801**	**433,304**	**434,394**	**435,244**	**430,801**	**433,437**
	2013	(ZAR/kg)	450,829	412,641	440,824	–	450,829	412,641	440,824
Average USD gold price received	**2014**	(USD/oz)	**1,309**	**1,295**	**1,302**	**1,305**	**1,346**	**1,295**	**1,303**
	2013	(USD/oz)	1,588	1,454	1,553	–	1,588	1,454	1,553
ZAR cash cost	**2014**	(ZAR/kg)	**258,972**	**384,150**	**316,948**	**163,977**	**239,496**	**384,150**	**298,345**
	2013	(ZAR/kg)	221,424	259,640	231,439	–	221,424	259,640	231,439

	Year ended 30 June	Units	Underground and surface operations			Tailings operations	Total continuing operations		
			Barberton Mines	Evander Mines[1]	Total	BTRP	Barberton Mines total	Evander Mines total[1]	Group total
ZAR all-in sustaining cash costs	**2014**	(ZAR/kg)	**311,756**	**445,665**	**373,776**	**170,111**	**282,716**	**445,665**	**349,008**
	2013	(ZAR/kg)	273,653	303,790	281,551	–	273,653	303,790	281,551
ZAR all-in cost	**2014**	(ZAR/kg)	**321,342**	**478,933**	**394,330**	**227,286**	**302,058**	**478,933**	**374,015**
	2013	(ZAR/kg)	350,302	326,061	343,949	–	350,302	326,061	343,949
USD cash cost	**2014**	(USD/oz)	**778**	**1,154**	**952**	**493**	**740**	**1,154**	**897**
	2013	(USD/oz)	780	915	815	–	780	915	815
USD all-in sustaining cash cost	**2014**	(USD/oz)	**937**	**1,339**	**1,123**	**511**	**874**	**1,339**	**1,049**
	2013	(USD/oz)	964	1,070	992	–	964	1,070	992
USD all-in cost	**2014**	(USD/oz)	**966**	**1,439**	**1,185**	**683**	**934**	**1,439**	**1,124**
	2013	(USD/oz)	1,234	1,149	1,212	–	1,234	1,149	1,212
ZAR cash cost per tonne	**2014**	(ZAR/t)	**2,447**	**1,394**	**1,719**	**143**	**751**	**1,394**	**990**
	2013	(ZAR/t)	2,153	1,366	1,832	–	2,153	1,366	1,832
Capital expenditure	**2014**	(ZAR million)	**110.3**	**210.5**	**320.8**	**40.7**	**151.0**	**210.5**	**361.5**
	2013	(ZAR million)	316.8	62.4	379.2	–	316.8	62.4	379.2
Average exchange rate	**2014**	(ZAR/USD)	**10.35**	**10.35**	**10.35**	**10.35**	**10.06**	**10.35**	**10.35**
	2013	(ZAR/USD)	8.83	8.83	8.83	8.83	8.83	8.83	8.83
Revenue	**2014**	(ZAR million)	**1,201.9**	**1,025.8**	**2,227.7**	**309.2**	**1,511.1**	**1,025.8**	**2,536.9**
	2013	(ZAR million)	1,350.3	438.9	1,789.2	–	1,350.3	438.9	1,789.2
Cost of production	**2014**	(ZAR million)	**714.8**	**914.7**	**1,629.5**	**116.7**	**831.5**	**914.7**	**1,746.2**
	2013	(ZAR million)	663.2	276.2	939.4	–	663.2	276.2	939.4
All-in sustainable cost of production	**2014**	(ZAR million)	**860.5**	**1,061.2**	**1,921.7**	**121.1**	**981.6**	**1,061.2**	**2,042.8**
	2013	(ZAR million)	819.6	323.1	1,142.7	–	819.6	323.1	1,142.7
All-in cost of production	**2014**	(ZAR million)	**886.9**	**1,140.4**	**2,027.3**	**161.8**	**1,048.7**	**1,140.4**	**2,189.1**
	2013	(ZAR million)	1,049.2	346.8	1,396.0	–	1,049.2	346.8	1,396.0
Adjusted EBITDA[2]	**2014**	(ZAR million)	**420.9**	**128.3**	**549.2**	**193.1**	**614.0**	**128.3**	**742.3**
	2013	(ZAR million)	622.9	152.2	775.1	–	622.9	152.2	775.1

1 Evander Mines 2013 production summary information represents four months production information following the acquisition of Evander Mines on 28 February 2013.

2 Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of assets held-for-sale.

OPERATIONAL

PERFORMANCE (continued)

BARBERTON MINES

HIGHLIGHTS FY2014

- Remained one of lowest cost producers in the industry
- Operating below anticipated costs
- BTRP commenced production with an exceptional performance ahead of expectations
- No labour unrest
- Wage negotiations concluded
- Low employee turnover

Overview

Barberton Mines consists of three mines: Fairview, Sheba and New Consort, and now the BTRP. Fairview produces 50% of Barberton Mines' gold production with Sheba and New Consort producing 30% and 20%, respectively. Operating three mines continues to provide flexibility and versatility in terms of resource allocation.

The mix of high grade ore from the mines is planned monthly to maintain the targeted grade/tonnage profile and gold production, giving Barberton Mines the advantage of managing cash flows from an early stage in the mining process. The operation has a proven track record of consistently delivering a solid performance, driven to a large extent by an embedded culture of cost control.

The mining methods used are an underground semi-mechanised up-dip cut and fill and up-dip room and stick. An estimated 16%–18% of gold is recovered by sweeping and vamping contractors focusing on worked-out areas and high grade pillars. Gold is extracted using the BIOX® gold extraction process, an environmentally friendly process, which uses bacteria to release gold from the sulphide ore.

Gold was originally discovered in the Barberton area in 1886 and comprises the sediments and metavolcanics within the Barberton Greenstone Belt. Barberton Mines has therefore been mined for over a century with current production practices now embedded. Given the aged mine infrastructure, the operations undergo ongoing maintenance and refurbishment.

Historically Barberton Mines' relative isolation has spurred creative engineering solutions, which contribute to its cost control. Facilities established over the years such as an in-house workshop for maintenance of the mines' fleet not only help control costs, but also allow for in-house manufacture or customisation of equipment. Barberton Mines has been ISO 9001:2008 certified for 10 years.

Management team

Casper Strydom (56)
General Manager

National Higher Diploma Metalliferous Mining Mine Managers Certificate

37 years of mining-related experience

Pierre Human (53)
Manager: Mining

Mine Overseers Certificate of Competency, MDP Stellenbosch

Over 30 years of mining-related experience

Jonathan Irons (48)
Manager: Metallurgy

National Higher Diploma Extractive Metallurgy, Programme for Management Development, (GIBS – University of Pretoria), Competence levels include Refractory, Gold Extraction Technologies – (Roasting and Hydrobiological)

Over 25 years of metallurgy-related experience

Hans Grobler (50)
Manager: Engineering

Mechanical Engineers Certificate of Competency, Professional Certificated Engineer

Over 30 years of engineering-related experience

TP Maepa (29)
Manager: Finance and Administration

BCom Accounting (Hons)

10 years of financial-related experience

Essie Esterhuizen (53)
Manager: HR

Gencor Learner Officials Programme, Certificate in Personnel Management Skills Development Facilitator – NQF Level 5

Over 30 years of HR-related experience

Year in review

Barberton Mines (including BTRP) gold sold increased by 15.9% to 111,623oz (2013: 96,296oz).

The total combined USD cash costs per ounce decreased by 5.1% to USD740/oz (2013: USD780/oz). In ZAR per kilogram terms, total cash costs increased by 8.2% to ZAR239,496/kg (2013: ZAR221,424/kg).

The total cost of production (including off-mine costs) increased by 25.4% to ZAR831.5 million (2013: ZAR663.2 million).

The main year-on-year cost contributors were the following:

- The BTRP operations resulted in additional processing costs amounting to ZAR97.1 million for the financial year.
- Salary and wages increased by 15.5% to ZAR369.9 million (2013: ZAR320.3 million). The increase was driven by additional employees for the management of the BTRP, resulting in additional costs of ZAR9.5 million (or increase of 3.0%), coupled with a two-year wage agreement in line with the Chamber of Mines. Barberton Mines also introduced a medical aid scheme for category workers four to eight of which the company contributes 60% towards each member's premium, this added costs of ZAR6.7 million in the current year.
- Mining costs increased by only 4.1% to ZAR102.6 million (2013: ZAR98.6 million) due to the vamping contractors gold production having decreased from the prior year by 7.4%. The mining costs excluding the vamping contractors costs increased by 8.9% year-on-year.
- Processing costs (excluding the BTRP reagents) increased by 8.4% to ZAR61.8 million (2013: ZAR57.0 million).
- Engineering and technical services costs increased by 12.5% to ZAR64.0 million (2013: ZAR56.9 million). The majority of this increase was for additional secondary support installations required at Fairview Mine, and increased maintenance on the TWM following the fatality as reported.
- Electricity costs excluding the BTRP increased by 6.4% to ZAR76.7 million (2013: ZAR72.1 million), which were lower than the average 8% increase in Eskom tariffs. The decrease in electricity usage reflects the three-week closure of Sheba Mine following flooding during March 2014. The electricity cost of the BTRP amounted to ZAR9.2 million resulting in the total Barberton Mines electricity costs increasing by 19.1% to ZAR85.9 million (2013: ZAR72.1 million).
- Security costs were well controlled and only increased by 4.7% to ZAR26.8 million (2013: ZAR25.6 million).
- Administration and other costs increased by 10.3% to ZAR33.2 million (2013: ZAR30.1 million). The higher than CPI increase was mainly due to additional insurance costs in relation to the BTRP.
- Barberton Mines had gold inventory movements decreasing the cost of production by ZAR14.4 million due to the BIOX® locking up gold concentrates equivalent to 59.4 kilograms (1,910 ounces) of gold at year-end. During the last quarter of the financial year, the Biox® experienced a temporary set-back in recoveries, due to oil contamination resulting from a breakdown at the Fairview primary crusher. This necessitated the management team in having to separate certain gold concentrates from the BIOX® at year-end to stabilise the bacteria organisms. The gold concentrates will be reprocessed during the new financial year. The overall recoveries as a result of the incident decreased for the full year to 90% (2013: 91%).
- The total combined USD all-in cash cost per ounce decreased by 24.3% to USD934/oz (2013: USD1,234/oz). Barberton Mines' ZAR combined all-in cash cost per kilogram decreased by 13.8% to ZAR302,058/kg (2013: ZAR350,302/kg). This decrease in all-in cash costs was mainly as a result of the once-off non-sustainable capital expenditure decreasing by ZAR188.9 million due to the BTRP construction in the prior year.

Mining operations

Barberton Mines' (excluding BTRP) gold sold decreased to 88,738oz (2013: 96,296oz). Mining operations tonnes milled decreased by 5.9% to 292,121t (2013: 310,484t). The decrease in tonnes milled was mostly as a result of the Sheba Mine flooding during March 2014 as a result of a cloud-burst, forcing the mine to close for three weeks. This effectively reduced production tonnages by 9,000t (or 2.9% of the prior year's production tonnages), at an average headgrade at Sheba Mine of 8.5g/t, resulting in an estimated reduction of 2,165 ounces of gold sold.

The decrease in gold sold from Barberton Mines underground and surface mining operations was therefore as a result of:

- Decrease in tonnes milled due to the Sheba Mine flooding.
- Gold ounces in Biox® lock up, due to oil contamination from the breakdown at the Fairview primary crusher.

The underground head grade reduced marginally to 11.5g/t (2013: 11.8g/t), and gold recoveries decreased to 90% (2013: 91%) as a result of the BIOX® incident mentioned above.

The total underground and surface USD cash costs per ounce decreased by 0.3% to USD778/oz (2013: USD780/oz). In ZAR per kilogram terms, total cash costs increased by 17.0% to ZAR258,972/kg (2013: ZAR221,424/kg).

From a people perspective, the mines continue to operate in an area with a high unemployment rate, causing constant demand from the community for job creation. Further and sadly, during the year three fatalities were suffered. (Please see group Safety and Health on page 90 for further details.)

Capital expenditure

Total capital expenditure at Barberton Mines decreased by 52.3% to ZAR151.0 million (2013: ZAR316.8 million). Maintenance capital expenditure of ZAR33.3 million (2013: ZAR45.1 million) and development capital expenditure of ZAR50.5 million (2013: ZAR42.1 million) was incurred. Expansion capital incurred on the BTRP construction totalled ZAR40.7 million (2013: ZAR229.6 million), and capital on the development of four new raise boreholes at Fairview Mine to improve environmental conditions was ZAR26.5 million (2013: ZAR2.6 million).

New ore reserve projects and exploration drilling projects continued to grow organically which resulted in the extension of Barberton Mines' LOM to 19 years (2013: 17 years).

Looking ahead

Barberton is expected to maintain its current levels of production, which given the age of the mine infrastructure is a commendable achievement.

OPERATIONAL
PERFORMANCE (continued)

BTRP

HIGHLIGHTS FY2014

- Inaugural gold pour
- On target for recoveries

Overview

When Barberton's mines were first exploited, mining extended into the sulphide-rich zones where recoveries fell dramatically. The aged mines therefore produced substantial mill tailings, some with relatively good grades by modern mining standards of between 1.4g/t and 1.6g/t. In recent years improved metallurgical treatment processes have resulted in more efficient recovery from these tailings.

The ZAR313.6 million BTRP was designed to re-treat 100,000t of old and new gold tailings per month at an estimated average cash cost of US$800/oz. The plant utilises a CIL process followed by electro-winning and smelting to produce a saleable gold product. The plant is expected to treat about 12,000t per month of current tailings via a pipeline from the existing Fairview Mine concentrator and BIOX® plant, and some 88,000t per month from the older tailings dumps.

Management

Casper Strydom (56)
General Manager

National Higher Diploma Metalliferous Mining Mine Managers Certificate

37 years of mining-related experience

Jonathan Irons (48)
Manager: Metallurgy

National Higher Diploma Extractive Metallurgy, Programme for Management Development, (GIBS – University of Pretoria), Competence levels include Refractory, Gold Extraction Technologies – (Roasting and Hydrobiological)

Over 25 years of metallurgy-related experience

Ruben Mathada (34)
Plant Manager

BTech Metallurgy

Over 10 years of metallurgy-related experience

Richard Kunneman (53)
Engineering Manager

Government Certificate of Competency

Over 25 years of mining-related experience

The year in review

The BTRP construction was completed in the prior financial year and production commenced on 1 July 2013.

The plant recovers tailings from the Fairview dams according to a mining plan. While it is not yet operating at full capacity in terms of tonnage, it nonetheless remains on target for recoveries. Further, with the operational costs lower than expected, it is also expected to pay back the initial capital expenditure investment within three years based on the operations profitability.

BTRP gold sold was 22,885oz for the year. The plant processed 815,736t of tailings at a headgrade of 1.6g/t and achieved a higher than expected recovery of 56% (originally planned recovery: 50%).

The BTRP USD cash costs per ounce were USD493/oz. In ZAR per kilogram terms, total cash costs were ZAR163,977/kg.

Looking ahead

Sheba and New Consort tailings dams will provide potential future sources of tailings which has supported the increased LOM of 15 years (2013: 12 years).

EVANDER MINES

HIGHLIGHTS FY2014

- Integration into the group effectively implemented
- Approval of ZAR200 million investment in ETRP for commissioning in January 2015

Overview

Evander Mines exploits the Kimberley reef in the Evander basin, part of the greater Witwatersrand basin. Mining methods employed are underground conventional scraper mining and rail bound equipment with some trackless mechanised development.

With No. 8 Shaft at a depth of 2.3km, it takes the workforce approximately an hour to reach the mining area via a lift and locomotive and two chairlifts. The rock is then hauled along 11 conveyors from the rock face to the bottom of No. 7 Shaft, where it is hoisted to surface. The gold is extracted at a CIL/CIP hybrid plant.

Unfortunately there was one fatality during the year. (Please see group Safety and Health on page 90 for further details).

Management team

Manny da Silva (44)
General Manager

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

Over 23 years' mining-related experience

Marius Pelser (55)
Mine Manager

Mine Overseers Certificate of Competency, Mine Managers Certificate of Competency,

38 years' mining-related experience

Bernhard Georg Lindner (51)
Manager: Engineering

National Higher Diploma Mechanical Engineering. Engineering Certificate of Competency,

35 years' mining-related experience

Walter Seymore (36)
Manager: Mineral Resource

National Diploma in Geotechnology

15 years' mining-related experience

Thabang Hlalele (36)
Manager: Metallurgy

National Diploma in Chemical Engineering, BTech Metallurgy

7 years' mining-related experience

Craig Richard Le Court De Billot (44)
Manager: Finance and Administration

BCompt (Hons)

20 years' mining-related experience

Louis Gouws van Wyk (49)
Manager: HR

BA (Hons) Industrial Psych

28 years' mining-related experience

The year in review

Evander Mines has now been successfully integrated into the group with all health and safety policies and standard operating procedures aligned with group policies.

The strategic highlight of the year was undoubtedly the approval of the ETRP following the positive outcome of the feasibility study. The ETRP comprises a total Mineral Reserve of 416koz in dams one and two of the Kinross tailings facility. The ZAR200 million plant is expected to re-treat 2.16Mt per annum of gold tailings over a 17-year life span. Once completed it is anticipated to contribute approximately 10,000oz per annum to Evander Mines' gold production. Commissioning of the ETRP is scheduled to start in January 2015 with full production expected by June 2015.

Evander Mines gold sold decreased to 76,556oz (2013: 95,089oz[I]). Mining operations tonnes milled increased by 10.7% to 656,028t (2013: 592,484t[I]). The increase in tonnes milled was mostly due to an increase in surface stockpiles processed of 58,789t, whilst underground tonnes milled increased by 4,755t.

As a result of the low grade mining cycle, the underground headgrade decreased to 5.2g/t (2013: 7.4g/t[I]). The Kinross processing plant performed well, and achieved improved plant recoveries of 96% (2013: 95%[I]).

As previously announced, this low grade mining cycle at Evander Mines is expected to continue until February 2015, and will therefore also impact group results and earnings for the first eight months of the 2015 financial year. Measures implemented, or in progress, to mitigate the impact of the current low grade cycle at Evander Mine's have been highlighted in the CEO's report on page 26.

OPERATIONAL

PERFORMANCE (continued)

The total cost of production including off-mine costs increased by 9.5% to ZAR914.7 million (2013: ZAR835.4 million[1]). The Evander Mines management team successfully focussed on containing their costs whilst in the lower grade mining cycle, resulting in their cost per tonnage decreasing by 1.1% to ZAR1,394/t (2013: ZAR1,410/t).

The main year-on-year cost contributors were the following:

- Salary and wages increased by 7.1% to ZAR448.9 million (2013: ZAR419.0 million[1]). The salary and wages increased as a result of the Chamber of Mines wage settlement.
- Mining costs increased by 28.1% to ZAR89.4 million (2013: ZAR69.8 million[1]) due to additional vamping occurring in No. 7 Shaft, and additional maintenance on blasting barricades.
- Processing costs increased by 22.3% to ZAR33.5 million (2013: ZAR27.4 million[1]), due to the additional surface tonnages being processed through the plant.
- Engineering and technical services costs increased by 26.6% to ZAR86.6 million (2013: ZAR68.4 million[1]). The majority of this increase related to additional costs to improve maintenance of the 11 conveyor belts on No. 8 Shaft, which has a total length of 14 kilometres, as well maintaining and improving the trackless fleet.
- Electricity and water costs were well controlled and decreased by 3.2% to ZAR164.2 million (2013: ZAR169.7 million[1]) due to benefits realised from the load clipping optimisation programme that manages and improves the consumption of power.
- The security costs remained well controlled and decreased by 22.6% to ZAR12.7 million (2013: ZAR16.4 million[1]), highlighting the cost benefits of a centralised security monitoring team for both Barberton Mines and Evander Mines.
- Administration and other costs decreased by 24.5% to ZAR57.7 million (2013: ZAR76.4 million[1]) as result of not sharing in Harmony's corporate and other costs in the current year.
- Off-mines costs decreased by 23.5% to ZAR1.3 million (2013: ZAR1.7 million[1]) in line with the lower gold production supplied to the refinery.
- Evander Mines had gold inventory movements increasing the cost of production by ZAR20.5 million (2013: ZAR13.4 million decrease in production costs[1]).

The total underground and surface USD cash costs per ounce increased by 16.0% to USD1,154/oz (2013: USD995/oz[1]). However, in ZAR per kilogram terms, total cash costs increased by 36.0% to ZAR384,150/kg (2013: ZAR282,451/kg[1]).

Capital expenditure

Total capital expenditure at Evander Mines was ZAR210.5 million (2013: ZAR201.1 million[1]). Maintenance capital expenditure was ZAR27.9 million (2013: ZAR65.0 million[1]) and development capital expenditure was ZAR103.4 million (2013: ZAR54.2 million[1]). Expansion capital related to the ETRP plant construction was ZAR79.2 million. In the prior year Evander Mines spent expansion capital on the shaft deepening project of ZAR81.9 million[1].

[1] *The prior year Evander Mines values were obtained from historical financial records to allow for consistent reporting with the group's current gold operations costs. Therefore the values may vary from Harmony's previously announced values.*

Looking ahead

By February 2015, Evander Mines is expected to have gradually moved out of the low grade mining cycle.

Potential projects on the horizon include exploiting the mineral resources of long-standing Poplar, Evander South and Rolspruit projects. The group is currently assessing the financial viability of progressing these brownfield projects from prefeasibility to bankable studies. With Poplar between 500m and 1.2km in depth, and Evander South between 350m and 1km, options will be explored to find a business case that will optimise these deposits.

Evander Mines is projected to return to 100,000oz a year operation towards the end of FY2015, which could see the mine become a 160,000oz-a-year operation once the ETRP and possibly the Elikhulu tailings projects are in production in the long term.

PHOENIX PLATINUM

HIGHLIGHTS FY2014

- Excellent safety record maintained
- Recovery increased to 29%
- First year of profitability

Phoenix Platinum recovers PGEs from chrome tailings at a CTRP located on IFM's Lesedi Mine. The Buffelsfontein, Elandskraal and Kroondal mineral resources originates from the mining of chromitite seams from the Bushveld Igneous Complex. The Bushveld Complex is host to the world's largest deposits of PGEs.

The operation is expected to produce PGEs over a LOM of 28 years. It has a total process capacity of 240kt per annum. The PGEs are extracted in the flotation plant and the concentrate is delivered to Lonmin's Mooinooi Smelter for toll extraction.

The CTRP was designed to treat sulphide material from the Lesedi Mine, which initially supplied Phoenix Platinum with sulphide-rich material. However, subsequent to commissioning the plant, IFM stopped its underground operations at Lesedi and focussed on oxidised material from their open-cast operation.

This resulted in oxidised tailings being blended into the Phoenix Platinum feedstock during the year under review. The metallurgy of oxidised tailings negatively affects the recovery and concentrate grade in the CTRP. This in turn results in poor PGE concentrate production.

Management

Bertin Mcleod (37)
Plant Manager: Metallurgy

BTech: Chemical Engineering Management Development Certificate Senior Management Development Certificate

12 years of platinum industry experience

Avinash Kandhai (32)
Cost Accountant

BTech: Accounting

Eight years of mining experience and nine years of financial experience

John Martin (58)
Plant Engineer

Diploma (T4): Electrical Engineering

Over 26 years of engineering-related experience

Hendrik Snyman (41)
Manager: Metanza

BEng Metallurgical (Extractive), Certificate in Business Management, Certificate in Leadership Programme, Professional Engineer

Over 16 years of metallurgy-related experience

Hector Mapheto (34)
Operations Manager: Metanza

BSc Eng Chemical, Professional Engineer

Nine years of metallurgy-related experience

Daniel Maponya (34)
Site Manager: Fraser

National Diploma: Civil Engineering, Mine Residue Deposits Certificate, BTech: Engineering Water

Six years of tailings dams experience

Phoenix Platinum production table

	Year ended 30 June	Units	Tailings operations Phoenix Platinum
Tonnes processed – tailings	**2014**	(t)	**251,182**
	2013	(t)	274,190
Headgrade – tailings	**2014**	(g/t)	**3.7**
	2013	(g/t)	3.7
Overall recovery	**2014**	(%)	**29**
	2013	(%)	21
PGE sold	**2014**	(oz)	**7,204**
	2013	(oz)	6,480
Average ZAR PGE price received	**2014**	(oz)	**9,987**
	2013	(oz)	9,093
Average USD gold price received	**2014**	(USD/oz)	**965**
	2013	(USD/oz)	1,030
ZAR cash cost	**2014**	(ZAR/oz)	**7,723**
	2013	(ZAR/oz)	7,551
ZAR all-in sustaining cash costs	**2014**	(ZAR/oz)	**7,977**
	2013	(ZAR/oz)	8,632
ZAR all-in cost	**2014**	(ZAR/oz)	**7,977**
	2013	(ZAR/oz)	8,632
USD cash cost	**2014**	(USD/oz)	**746**
	2013	(USD/oz)	855
USD all-in sustaining cash cost	**2014**	(USD/oz)	**771**
	2013	(USD/oz)	978
USD all-in cost	**2014**	(USD/oz)	**771**
	2013	(USD/oz)	978
ZAR cash cost per tonne	**2014**	(ZAR/t)	**222**
	2013	(ZAR/t)	178
Capital expenditure	**2014**	(ZAR million)	**0.4**
	2013	(ZAR million)	2.2
Average exchange rate	**2014**	(ZAR/USD)	**10.35**
	2013	(ZAR/USD)	8.83
Revenue	**2014**	(ZAR million)	**71.9**
	2013	(ZAR million)	58.9
Cost of production	**2014**	(ZAR million)	**55.6**
	2013	(ZAR million)	48.9
All-in sustainable cost of production	**2014**	(ZAR million)	**57.5**
	2013	(ZAR million)	55.9
All-in cost of production	**2014**	(ZAR million)	**57.5**
	2013	(ZAR million)	55.9
Adjusted EBITDA[1]	**2014**	(ZAR million)	**16.0**
	2013	(ZAR million)	6.9

[1] *Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of assets held-for-sale.*

OPERATIONAL

PERFORMANCE (continued)

The year in review

An improved performance at Phoenix Platinum in the year under review resulted in PGE ounces sold increasing by 11.2% to 7,204oz PGE (2013: 6,480oz PGE). Several challenges were encountered during November 2013 as a result of furnace ash and talc material which was historically deposited by IFM on the Buffelsfontein dumps affecting plant recoveries. Furnace ash and talc dilutes the final concentrate grade and must be chemically modified to prevent a negative effect on the plant recoveries. The problem was identified by a process of elimination and by metallurgical test work carried out, and an estimated 500 PGE ounces were lost during the year under review as a result of this contamination. Despite this, Phoenix Platinum was still able to improve its recoveries to 29% (2013: 21%) and improve PGE ounce production.

In the year under review, the effective average PGE basket price received increased by 9.8% ZAR9,987/oz (2013: ZAR9,093/oz). Cost per ounce of production increased by 2.3% to ZAR7,723/oz (2013: ZAR7,551/oz). This marginal increase in costs was offset by improved production. The plant feed decreased during the period by 8.4% to 251,182t (2013: 274,190t) as result of the talc and furnace ash complications highlight above.

The total cost of production increased by 13.7% to ZAR55.6 million (2013: ZAR48.9 million).

The main year-on-year cost contributors were the following:

- Salary and wages of 9.9% to ZAR17.7 million (2013: ZAR16.1 million), comprising a standard increase of 7.5% granted to the employees in line with the gold operations and an incentive bonus scheme for achieving targets and realising a profit.
- Processing costs increased by 16.0% to ZAR33.3 million (2013: ZAR28.7 million) as result of increased reagent costs and consumption to address the talc and furnace ash in the tailings processed, whilst additional processing costs were incurred due to higher chrome content fees charged during the refining process.
- Administration costs increased by 50.0% to ZAR0.6 million (2013: ZAR0.4 million), due to an increase in consulting fees.
- Security cost remained well controlled at ZAR0.5 million (2013: ZAR0.5 million).
- Electricity costs increased by 12.5% to ZAR3.6 million (2013: ZAR3.2 million). Phoenix Platinum sources electricity from IFM and the effective cost per kWh increased as result of IFM no longer benefiting from a historical Eskom rebate.

- Phoenix Platinum was able to achieve its maiden headline profit of ZAR3.7 million (2013: ZAR6.4 million headline loss) for the financial year, despite challenges highlighted above and the five-month platinum industrial action that occurred during the financial year.

Capital expenditure

Total capital expenditure at Phoenix Platinum decreased to ZAR0.4 million (2013: ZAR2.2 million).

Looking ahead

In July 2014, IFM resumed mining at Lesedi Mine and the expected tonnages from this sulphide material should improve Phoenix Platinum's production and plant recoveries.

ABRIDGED MINERAL RESOURCE
AND MINERAL RESERVE REPORT

ABRIDGED MINERAL RESOURCE
AND MINERAL RESERVE REPORT (continued)

SCOPE OF REPORT

This abridged version of the Pan African Resources' Mineral Resources and Mineral Reserves Report 2014 ("MR&MR") conforms to the standards determined by the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code, 2007 edition) and forms part of the Pan African Resources' Integrated Annual Report including the annual financial statements for the year ended 30 June 2014. The other major document in this suite of reports is the Sustainability Review 2014. The entire suite of documents is available in full on (*www.panafricanresources.com*), following publication of Pan African Resources' annual financial statements including a full MR&MR.

The Mineral Resource is inclusive of the Mineral Reserve component, unless otherwise stated. Information is presented either by operation, mine or project, as indicated. The tables and graphs used to illustrate developments across the operations of Pan African Resources in FY2014 include:

- Mineral Resource tables by group and commodity;
- Development sampling results;
- Mineral Reserve tables by group and commodity;
- Year-on-year reconciliation of the group's Mineral Resource;
- Mineral Reserve modifying factors;
- Year-on-year reconciliation of the group's Mineral Reserve; and
- Appointed competent persons.

Matters on which detail is provided in this abridged version include regional geology, location, exploration drilling and organic ore reserve projects.

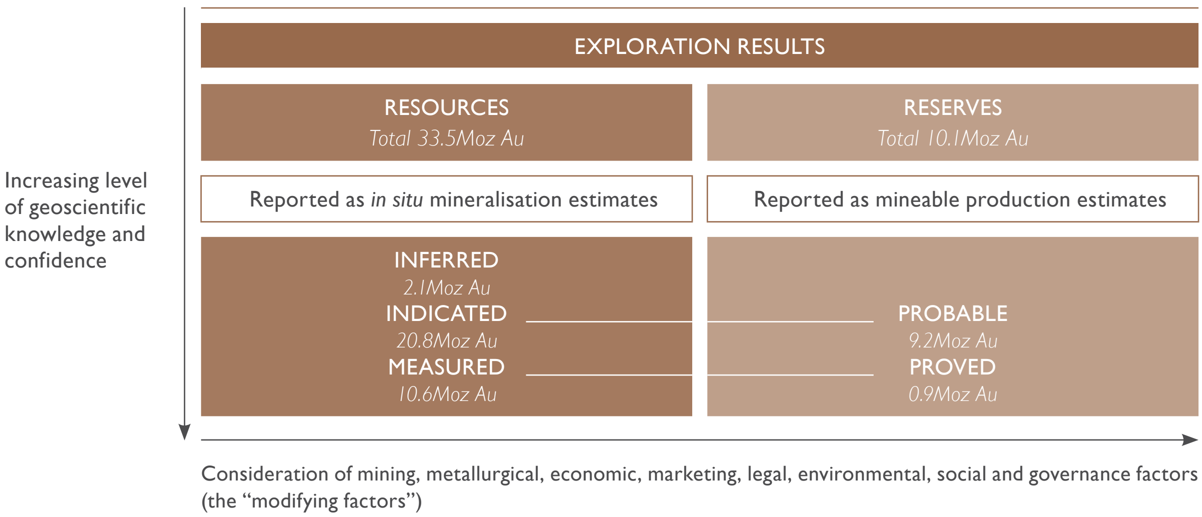
Note: Rounding of numbers in this document may result in minor computational discrepancies.

REPORTING CODE

The guiding principle in the MR&MR is to ensure integrity, transparency and materiality in informing all stakeholders on the status of the group's mineral asset base. Pan African Resources uses the SAMREC Code which sets out the internationally recognised procedures and standards for reporting Mineral Resources and Mineral Reserves in South Africa, developed by the South African Institute of Mining and Metallurgy as the recommended guideline for reserve and resource reporting for JSE-listed companies. The group complies with the AIM Rules for Mining and Oil and Gas Companies of the LSE.

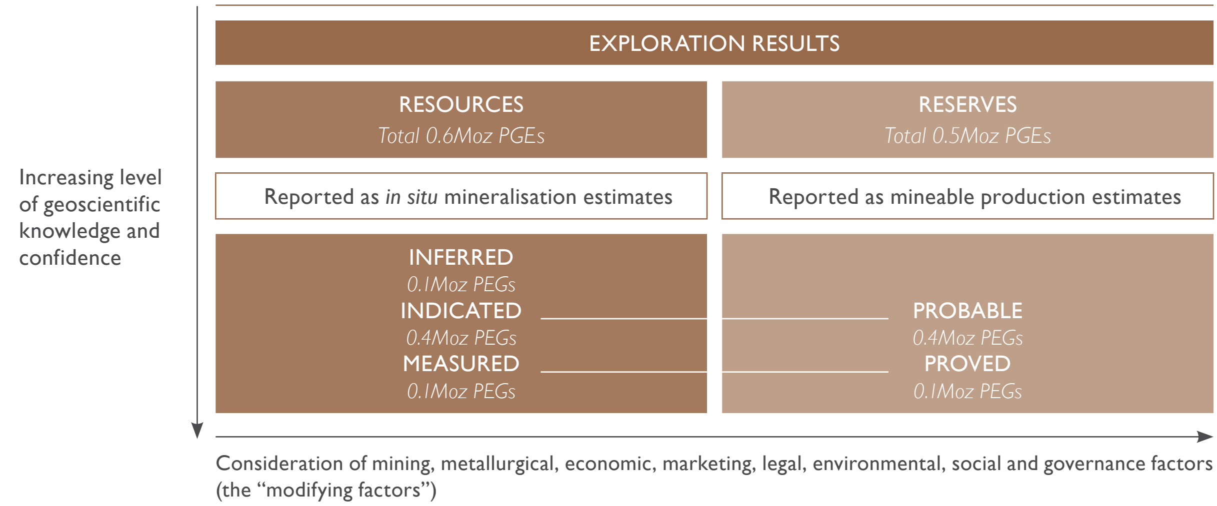
GOLD

Relationship between exploration results, Mineral Resources and Mineral Reserves showing Pan African Resources attributable resources and reserves as at 30 June 2014.



PGEs

Relationship between exploration results, Mineral Resources and Mineral Reserves showing Pan African Resources attributable Resources and Reserves as at 30 June 2014.



PAN AFRICAN RESOURCES' REPORTING IN COMPLIANCE WITH THE SAMREC CODE

To meet the requirement of the SAMREC Code that the material reported as a Mineral Resource should have "reasonable and realistic prospects for eventual economic extraction", Pan African Resources has determined an appropriate cut-off grade which has been applied to the quantified mineralised body. In determining the cut-off grade, Pan African Resources uses a gold price of R500,000/kg. At our underground mines, the optimal cut-off is defined as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The Mineral Resource optimiser tool that was accordingly developed in-house was applied to the Mineral Resource inventory.

The optimiser programme requires the following inputs to convert the Mineral Resource to the Mineral Reserve:

- the database inventory of all mineral resource blocks;
- an assumed gold price – ZAR400,000/kg;
- planned production rates for each mine;
- MCF;
- plant recovery factors, and
- planned cash operating costs and other efficiency factors, which are calculated using historical achievements as a baseline.

The Mineral Reserves represent that portion of the Measured and Indicated Mineral Resources above cut-off in the LOM plan, and have been estimated after consideration of the modifying factors affecting extraction. A range of disciplines has been involved at each mine in the LOM planning process including geology, surveying, planning, mining engineering, rock engineering, metallurgy, financial management, HR management and environmental management.

Phoenix Platinum, BTRP and the ETRP are optimised on a 100% extraction plan on their Mineral Reserves. No selectivity was applied on tonnages and thus no cut-off grades were determined.

The competent person for Pan African Resources, Mr Barry Naicker, the group Mineral Resource Manager, signs off the MR&MR for the group. He is a member of the South African Council for Scientific Professions (400234/10). Mr Naicker has 13 years of experience in economic geology and mineral resource management.

He is based at 1st Floor, The Firs, cnr Cradock and Biermann Avenues, Rosebank, 2196, Gauteng.

ABRIDGED MINERAL RESOURCE
AND MINERAL RESERVE REPORT (continued)

1. GOLD

Group Mineral Resource

The total Mineral Resource for the group decreased from 35.1 million ounces (Moz) in June 2013 to 33.5Moz in June 2014 – a gross annual decrease of 1.6Moz, or 4.5%. Of this variance, a decrease of 1.9Moz can be attributed to Evander Mines and an increase of 0.3Moz to Barberton Mines.

As at 30 June 2014	Category	Tonnes (million)	Grade (g/t)	Contained gold Kg	Contained gold Moz
Mineral Resource	Measured	6.3	10.67	66,958	2.1
	Indicated	277.3	2.23	645,929	20.8
	Inferred	42.7	7.74	330,126	10.6
Pan African Resources	Total	326.3	3.20	1,043,013	33.5

The 0.3Moz positive variance in contained gold at Barberton Mines was a result of adding new surface resources and extending the MRC orebody on Fairview Mine.

The total decrease in Mineral Resource can be attributed to a lower gold price and inflationary cost drivers in the reporting of the 2014 Mineral Resources.

Group Mineral Reserve

Pan African Resources' Mineral Reserve increased from 9.2Moz in June 2013 to 10.1Moz in June 2014 – a gross annual increase of 0.9Moz, or 9.8%. Of this variance, 0.6Moz increase can be attributed to Barberton Mines and a 0.3Moz increase to Evander Mines.

As at 30 June 2014	Category	Tonnes (million)	Grade (g/t)	Contained gold Kg	Contained gold Moz
Mineral Reserve	Proved	3.8	7.38	27,826	0.9
	Probable	83.6	3.41	286,103	9.2
Pan African Resources	Total	87.4	3.58	313,929	10.1

The total increase in the Mineral Reserve can be attributed to the conversion of Mineral Resources of Evander No. 8 – 26 level and at Barberton the Fairview Mine extension of MRC orebody and the inclusion of New Consort and Sheba Mine tailings dams.

GROUP – GOLD 2014

2. PGE 4E

Group Mineral Resource

The group's total Mineral Resource PGEs decreased from 0.7Moz in June 2013 to 0.6Moz in June 2014 – a gross annual decrease of 0.1Moz or 14%.

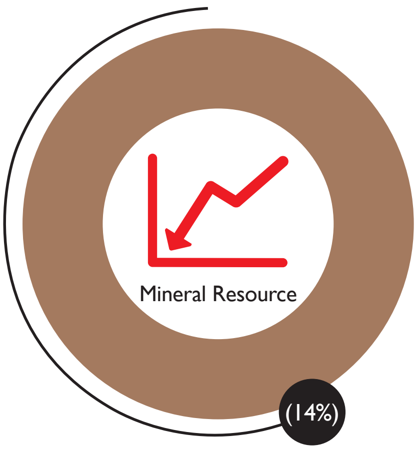
As at 30 June 2014	Category	Tonnes (million)	Grade (g/t)	Contained PGEs Kg	Moz
Mineral Resource	Measured	1.8	2.58	4,559	0.1
	Indicated	3.3	3.56	11,574	0.4
	Inferred	0.9	3.05	2,833	0.1
Pan African Resources	Total	6.0	3.19	18,966	0.6

Group Mineral Reserve

Pan African Resources' Mineral Reserve PGEs increased from 0.3Moz in June 2013 to 0.5Moz in June 2014 – a gross annual increase of 0.2Moz or 67%. This significant increase can be attributed to the re-stating of the modifying factors in the Mineral Reserve of Phoenix Platinum.

As at 30 June 2014	Category	Tonnes (million)	Grade (g/t)	Contained PGEs Kg	Moz
Mineral Reserve	Proved	1.8	2.58	4,559	0.1
	Probable	3.2	3.56	11,574	0.4
Pan African Resources	Total	5.0	3.21	16,133	0.5

GROUP – PGEs 2014

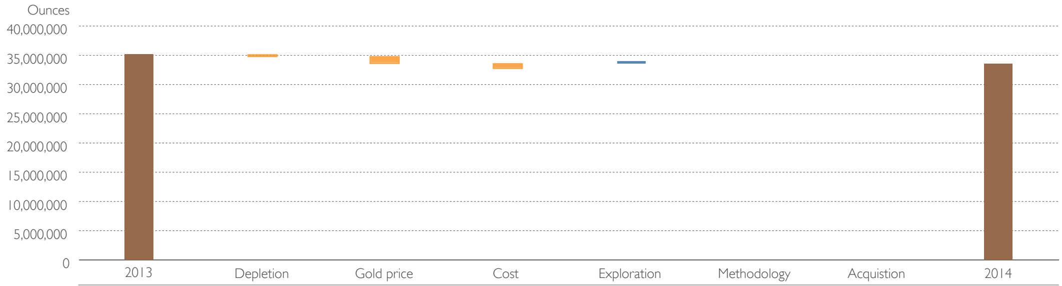


ABRIDGED MINERAL RESOURCE
AND MINERAL RESERVE REPORT (continued)

GROUP RECONCILIATION – MINERAL RESOURCE AND MINERAL RESERVE 2013 – 2014

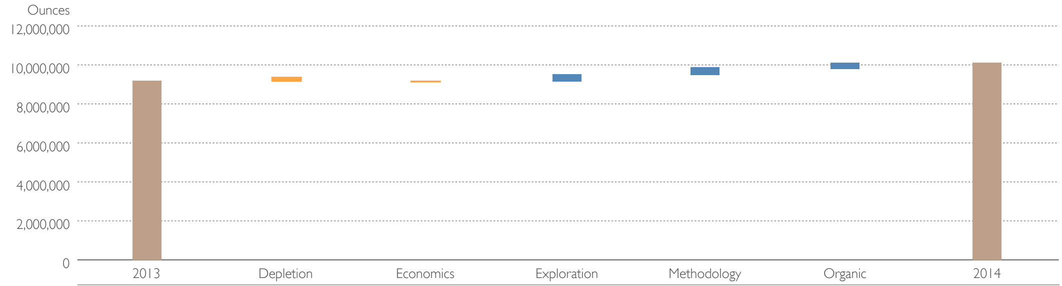
1. GOLD

MINERAL RESOURCE



	2013	Depletion	Gold price	Cost	Exploration	Methodology	Acquistion	2014
Ounces	35,130,000	(197,200)	(1,056,000)	(704,000)	360,100	–	–	33,500,000

MINERAL RESERVES



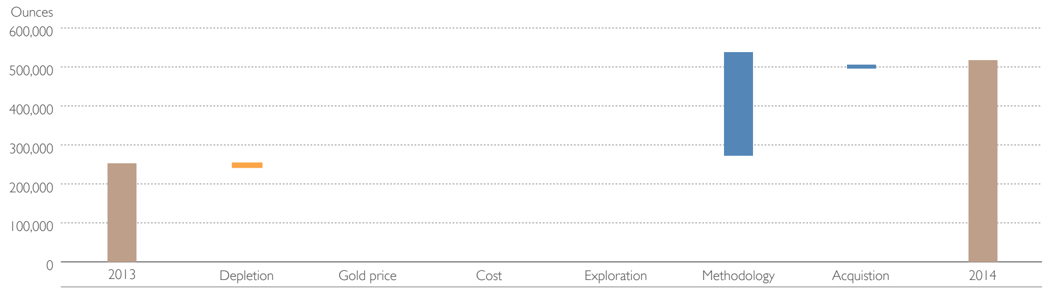
	2013	Depletion	Economics	Exploration	Methodology	Organic	2014
Ounces	9,200,000	(167,200)	(5,300)	360,100	389,400	323,000	10,100,000

2. PGEs

MINERAL RESOURCE

	2013	Depletion	PGM Basket Price	Cost	Exploration	Methodology	Organic	2014
Ounces	685,614	(22,357)	(75,263)	–	–	–	21,746	609,117

MINERAL RESERVES



	2013	Depletion	Gold price	Cost	Exploration	Methodology	Acquistion	2014
Ounces	252,792	(9,643)	–	–	–	264,938	9,659	517,746

GROUP STRATEGY – MINERAL RESOURCE AND MINERAL RESERVE

Pan African Resources has an exceptional asset base and attractive growth opportunities, both in established projects and brownfield exploration prospects. Strategy in this regard is based on global best practice in MRM to aggressively explore and develop projects, that will become next generation long-term business units.

This strategy includes:

- improving the conversion of Mineral Resource to Mineral Reserve by accessing, developing and exploiting underground orebodies and surface assets
- unlocking the value of major organic projects and
- identifying new expansion opportunities to sustain growth

The Mineral Resource and Mineral Reserve underpin the enterprise value of Pan African Resources, and position the group to realise its four strategic pillars as below.

- Average gold price realised
- Total gold cash cost
- Earnings before interest, tax, depreciation and amortisation
- Attributable profit
- Earnings per share

- Proactive, strong relationships with regulators, organised labour and communities
- Appropriate remuneration practices
- Compliance with all relevant South African labour legislation
- Compliance with Mining Charter and implementation of social and labour plans

- Cash generative
- Conservative gearing
- Attractive dividend
- No long-term hedging arrangements
- Continual low cash cost gold production
- Environmentally sustainable mining

- Organic (achieved within existing infrastructure)
- Replacement projects for depleting projects
- Brownfield projects
- Accretive acquisitions

ABRIDGED MINERAL RESOURCES
AND MINERAL RESERVE REPORT (continued)

PROFITABLE

Pan African Resources' mineral deposits are located in geological terrains that are described as world-class quality mineral assets with high grade and significant production tonnage profiles, enabling operational and profitable delivery to maximise value to stakeholders.

Applying the MRM framework of survey, geology, resource estimation and mine planning, the focus is to optimise the all-in cost margin and maximise earnings and returns to shareholders. This requires a clear understanding of the nature of the orebody, its resource inventory and the ability to effectively exploit its mineral endowment profitably. Effective LOM plans are designed to execute mining methods that are safe and low cost, which in turn enables optimal cut-off grades to yield the desired financial margins.

STAKEHOLDER

The group's strategy of investing in large, long-life mines and operations means that Pan African Resources operates on extended time horizons. This long-term vision provides the opportunity to plan and implement projects to deliver sustainable contribution to social wellbeing, environmental stewardship and economic prosperity. Pan African Resources is pleased to report zero production stoppages due to labour issues during the year under review. This positively impacted the realisation of targeted grade tonnage profiles at each of the operations.

The group is committed to complying with the Mineral and Petroleum Resources Development Act and achieving the objectives of the Mining Charter. In this regard, it continues to engage with stakeholders both within and outside the group.

SUSTAINABLE

MRM at Barberton Mines, Evander Mines and Phoenix Platinum plays a strategic role in converting a mineral asset from an initial Inferred Resource at the exploration phase to a Proved Reserve at the production stage, and ultimately to a saleable product. The diligent application of this methodology allows for greenfield, brownfield, near-mine and organic growth projects to be realised and economic value add to deliver a sustainable business model.

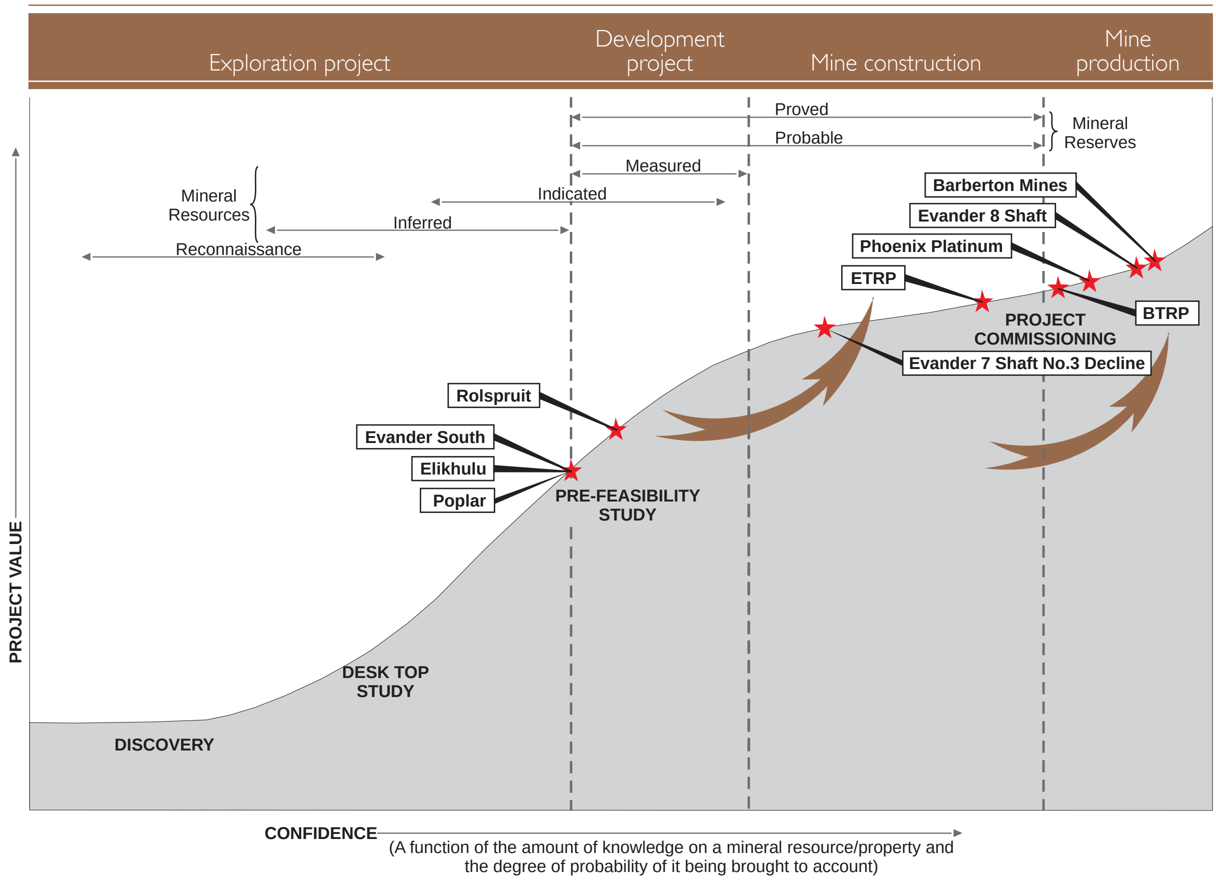
Brownfield exploration aims to grow or sustain the value of our existing operations. It capitalises on projects in which we have already made significant investment. The acquisition of Evander Mines comprised a substantial brownfield gold Mineral Resource inventory of 21.3Moz. Pan African Resources is diligently developing these assets to increase the economic value of the company. Recent brownfield successes include the accretive earnings of BTRP for the year under review and the current construction of ETRP.

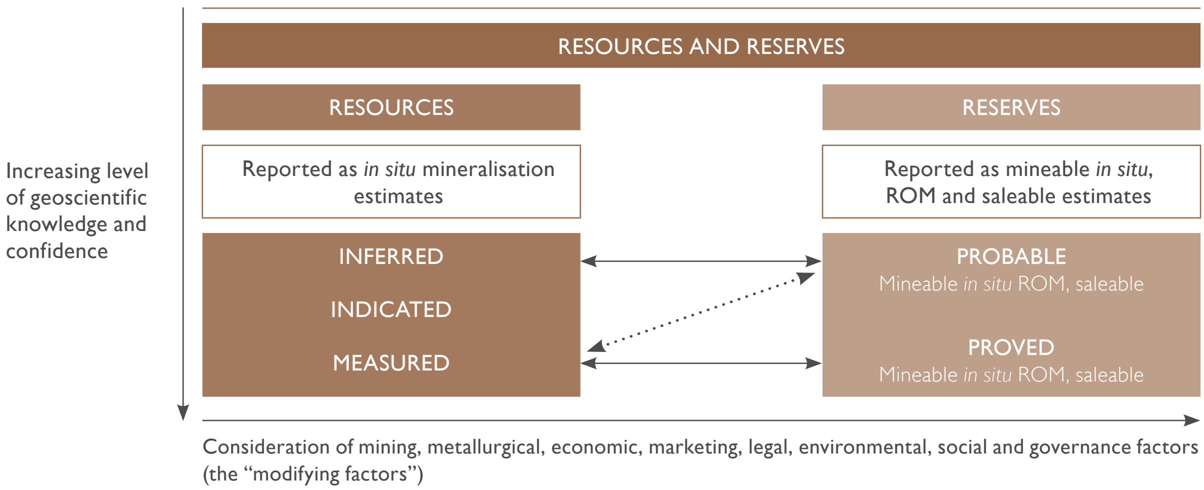
GROWTH

A key objective is to create value by growing the MR&MR – the major asset of the group. This is driven by an active acquisition strategy, a well-defined exploration programme, innovation in both geological/resource modelling, optimal mine planning and continual optimisation of the asset portfolio.

In the current year, the acquisition of Evander Mines has propelled Pan African Resources to a mid-tier status through the significant increase in its mineral asset. The group's Mineral Reserve increased by 9.5%, resulting in all operations increasing their respective LOM production profiles.

Project lifecycle of mineral assets at Pan African Resources





ABRIDGED MINERAL RESOURCE

AND MINERAL RESERVE REPORT (continued)

The evolution of a project from initial testing to commissioning can take 12 to 18 months or longer, and involves a series of study stages to reach investment approval and implementation.

We distinguish the group from our peers by having a clear focus on growth and only mining resources that must be profitable in all parts of the price cycle, in order to deliver long-term economic value to Pan African Resources. The graph on the previous page demonstrates the group's mineral assets within the value chain and how value is realised through projects such as the BTRP and ETRP.

Group organic growth

The operations' robust LOM plans support the group business plans. Current exploration drilling as well as accessing and developing of the orebody were aggressively maintained during the year. The strategy of converting Mineral Resource to Mineral Reserve was progressed by moving organic projects further up the mining value chain towards commissioning. The tables below reflect the progress of near-mine growth projects that have contributed ounces to the Mineral Resource for the year.

Exploring the orebody – exploration drilling

Operation	Total metres	Number of boreholes	Average channel width (cm)	Number of intersections above cut-off	Average grade (g/t)	Total expenditure (Rm)
Barberton Mines	11,993	150	121	93	24.52	7.9
Evander Mines	732	22	22	–	14.65	0.54
Phoenix Platinum	–	–	–	–	–	–

Accessing the orebody – on-reef development

Operation	Total on-reef development (metres)	Average grade (g/t)
Barberton Mines	1,656	4.31
Evander Mines	1,015	43.11
Phoenix Platinum	–	–

Developing the orebody – capital ore reserve projects:

Project	2014 (metres)	2013 (metres)	2012 (metres)	Potential resource target (oz)
Barberton Mines				
Sheba – pillar development	**351**	317	–	2,006
Sheba – Edwin Bray to Thomas and Joe's Luck area	**171**	102	303	13,286
Fairview – 11 Level Royal Reef	**Equipping**	0.1	–	17,000
Fairview – 1# ore reserve opening	**154**	179	–	14,821
Fairview – 3 Shaft deepening	**–**	228	109	1,600
Fairview – 62 Level	**295**	601	–	552,253
New Consort – 40 Level	**193**	252	267	10,000
New Consort – 50 Level Decline west	**–**	150	197	26,000
New Consort – MMR pillar development	**173**	129	–	(new target area)
New Consort – 3 Shaft	**–**	253	–	900
Sheba Western Cross	**–**	71	–	44,263
Evander Mines				
2 Decline 24 – 25 Level	**686**	554	778	
25 A block ventilation	**925**	124	–	1,200,000

GOVERNANCE

CORPORATE
GOVERNANCE

HIGHLIGHTS FY2014

- Executive team bolstered
- New independent non-executive director appointed
- Group Procurement Manager appointed
- Corporate office procurement policy formalised and approved
- All board and subcommittee charters post year-end
- Improved operational reporting to head office and the board
- Group SHECQ Charter approved (facilitates reporting to the board)

The board acknowledges that applying good corporate governance principles is a dynamic responsibility in line with developments in the UK, South Africa and internationally. Pan African Resources' board is committed to responsibility, accountability, fairness and transparency in accordance with the King III Report, the UK Code and applicable laws, reflecting in integrity in all business dealings. The board aims to integrate this responsible corporate citizenship into the group's business strategy, audits and assessments and to embed sound corporate governance practices into daily operations and processes throughout the group.

The standards of disclosure relating to corporate governance at the group are regulated by the UK Companies Act 2006, the Companies Act, AIM Rules, the JSE Listings Requirements and King III. In addition, the board has considered the principles of corporate governance contained in the UK Code and the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal control requirements of the Combined Code.

In line with King III's "apply or explain" approach, the directors will continue to state the extent to which the company applies good corporate governance principles to create and sustain value for stakeholders over the short, medium and long term, and to explain any non-application.

To optimally manage its application of King III, the company has adopted the IoDSA Governance Assessment Instrument, allowing for the maintenance of a register recording its progress in applying the principles of King III as well as the JSE Listings Requirements.

(Please see Chapter 2 compliance on page 79 and the full King III checklist on (*www.panafricanresources.com*).

Pan African Resources' governance structure

BOARD

EXECUTIVE DIRECTORS
Ron Holding (CEO)
Cobus Loots (FD)

NON-EXECUTIVE DIRECTORS
Phuthi Mahanyele (Deputy Chairperson)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Keith Spencer (Chairman)
Hester Hickey
Thabo Mosololi
Rob Still (resigned 1 July 2014)
Rowan Smith (appointed 8 September 2014)

BOARD SUBCOMMITTEES

AUDIT COMMITTEE
Hester Hickey (Chairman)
Thabo Mosololi
Rob Still (resigned 1 July 2014)
Keith Spencer

NOMINATIONS COMMITTEE
Keith Spencer (Chairman)
Rob Still (resigned 1 July 2014)
Rowan Smith (appointed 8 September 2014)

REMUNERATION COMMITTEE
Phuthi Mahanyele (Chairman)
Rob Still (resigned 1 July 2014)
Thabo Mosololi
Rowan Smith (appointed 8 September 2014)

SHEQC COMMITTEE
Keith Spencer (Chairman)
Ron Holding (CEO)
Hester Hickey

EXCO

Ron Holding (CEO)
Cobus Loots (FD)
Anaki Karigeni (COO)
Andre van den Bergh (Executive HR)

OPSCO

Casper Strydom (GM Barberton Mines)
Manny da Silva (GM Evander Mines)
Bertin Mcleod (Plant Manager: Metallurgy Phoenix Platinum)
Neal Reynolds (Group Financial Controller)
Mandla Ndlozi (Group SHEQC)
Barry Naicker (Mineral Resource and Reserve Manager)
Wayne Allen (Group Consulting Engineer)

CORPORATE
GOVERNANCE (continued)

The board

The board is responsible and accountable for the performance and affairs of the group, and has full control over all subsidiaries and operations. It acts as the focal point for and custodian of our corporate governance. In doing so, it ensures the group remains a responsible corporate citizen, cognisant of the impact our operations may have on the environment and society in which we operate, while acting in accordance with our own Code of Conduct.

At report date our unitary board comprised seven directors:

Executive directors	Ron Holding (CEO) Cobus Loots (FD)
Non-executive director	Phuthi Mahanyele (Deputy Chairperson)
Independent non-executive directors	Keith Spencer (Chairman)[1] Hester Hickey Thabo Mosololi Rowan Smith *(appointed on 8 September 2014)*

1. Keith Spencer is an independent non-executive director as per the King III requirement, but a non-executive director as per the AIM rules.

Changes to the board during the year were as follows:

- Ron Holding was appointed CEO with effect 9 September 2013 (having served as Joint Interim CEO with Cobus Loots)
- Busi Sitole resigned as FD with effect 30 September 2013
- Cobus Loots was appointed FD with effect 1 October 2013
- Thabo Mosololi was appointed independent non-executive director with effect 9 December 2013
- Rob Still resigned as an independent non-executive director with effect 1 July 2014
- Rowan Smith was appointed on 8 September 2014 as an independent non-executive director.

Our board reflects a balance of executive and non-executive directors, the majority of whom are independent as required. More importantly, the board reflects significant experience in mining and related activities, adding depth to board discussions with a wealth of industry knowledge.

The responsibilities of the independent non-executive Chairman and the CEO, and the remaining non-executive and executive directors, are strictly separated to ensure checks and balances in decision-making. No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and thereby ensures that the interests of all stakeholders are represented and taken into account.

The Chairman provides independent board leadership and guidance and facilitates suitable deliberation on all matters requiring the board's attention. He further ensures the board operates efficiently and as a unit. The CEO and FD supported by the EXCO are accountable for strategy implementation and day-to-day operational decisions and business activities. Non-executive directors are not involved in the daily operations of the company.

A formal board charter is in place to regulate the parameters within which the board operates and to ensure the application of good corporate governance in compliance with the group's Code of Conduct. The charter was reviewed in the year under review and will be adopted in the current year. A copy of the board charter is available from the group company secretary on request.

The board meets quarterly with additional meetings as and when necessary. Attendance at board and committee meetings is set out below:

	Keith Spencer	Phuthi Mahanyele	Hester Hickey	Ron Holding	Cobus Loots	Thabo Mosololi	Rob Still
Board meetings							
29/08/2013	✓	✓	✓	✓	✓		
24/10/2013 (conference call)	✓	✓	✓	✓	✓		✓
06/12/2013	✓	✓	✓	✓	✓		✓
14/02/2014	✓	✓	✓	✓	✓	✓	✓
29/05/2014	✓	✓	✓	✓	✓		
Audit Committee meetings							
01/07/2013			✓				
11/09/2013	✓		✓				✓
13/02/2014	✓		✓			✓	✓
Remuneration Committee meeting							
19/8/2013		✓					✓
SHEQC Committee meetings							
15/08/2013	✓		✓	✓			
30/08/2013	✓		✓	✓			
07/11/2013	✓		✓	✓			
13/02/2014	✓			✓			
21/05/2014	✓		✓	✓			

In addition to these meetings, adhoc meetings and calls are held on a regular basis. Not all of these are recorded above.
The Nomination Committee meetings are held jointly with the board meetings.

BOARD COMMITTEES

We have an established Audit Committee, Remuneration Committee, Nominations Committee and SHEQC Committee to assist the board in discharging its collective responsibility of corporate governance. The SHEQC Committee serves as a Social and Ethics Committee in terms of the Companies Act requirements. All committees have satisfied their responsibilities during the year in compliance with their formal charters. All charters were reviewed during the year and will be adopted in their revised form in the current year. (A copy of committee charters is available from the group company secretary on request.)

	Audit Committee	Remuneration Committee	Nominations Committee	SHEQC Committee
Members	Hester Hickey (Chairman) Thabo Mosololi, Keith Spencer, Rob Still **By invitation:** External auditors Internal auditors Ron Holding Cobus Loots Financial executives	Phuthi Mahanyele (Chairman) Thabo Mosololi, Rob Still **Executives invited to the meeting:** Ron Holding Cobus Loots Andre van den Bergh (Group HR Executive)	Keith Spencer (Chairman) Rob Still	Keith Spencer Hester Hickey Ron Holding **Executives on the committee:** Anaki Karigeni (COO) Mandla Ndlozi (Group SHEQC Manager) Andre van den Bergh (Group HR Executive) General managers

CORPORATE
GOVERNANCE (continued)

	Audit Committee	Remuneration Committee	Nominations Committee	SHEQC Committee
Independence	4/4 Keith Spencer is considered an independent director in terms of King III and as such by the company. As a result of historical share options issued during 2007, the UK Companies Act does not consider Keith Spencer independent.	2/3 The Chair of the Remuneration Committee is not independent as required by the King III and the JSE Listings Requirements. Nevertheless, the board is satisfied that the interests of the executive directors and employees can be fairly and adequately met, this point notwithstanding, and that the Chair's contribution outweighs the legislative interpretation of independence.	3/3	N/A
Mandate	The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the group are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls.	The Remuneration Committee reviews the performance of the executive directors and determines their remuneration and the basis of their service agreements with due regard to the interests of shareholders. It also determines the payment of any bonuses to executive directors and the grant of options to employees, including executive directors, under the group's share option scheme, as well as short- or long-term incentives.	The Nominations Committee is required to review the composition of the board and board committees and to make recommendations to the board in this regard. The appointment of directors is a transparent and formal process governed by the committee's mandate and terms of reference as well as the board charter. With regard to composition of the board, the committee ensures that its size, diversity and demographics make for an effective board and that it is structured to ensure a wide range of skills, views, knowledge and experience in order to guide the group to meet our strategic objectives. The committee also ensures that a formal succession plan for key executive directors is in place, and that induction and ongoing training and development of directors continues.	The SHEQC Committee is the cornerstone of ensuring the group maintains its social licence to operate. (See page 89 for an abbreviated Sustainability Report (responsibility of the SHEQC Committee), which is available in full at *www.panafricanresources.com*)
Activities during the year	Reviewed and appointed a company secretary	Reviewed the annual salary and wage increases granted to all employees	Appointment of Ron Holding as CEO and Cobus Loots as FD. Nominated new independent non-executive directors, Thabo Mosololi and Rowan Smith. Reviewed group succession strategy.	Reviewed and updated charter to include quality

Going forward, the function of the Nominations Committee will be performed by the board, as a whole.

BOARD PROCESSES

Rotation of directors

In terms of King III and the group's MOI, one-third of the board's non-executive directors must retire from office at each AGM on a rotation basis. The directors to retire are those who have been longest in office since their last election. Retiring directors may make themselves available for re-election provided that they remain eligible as required by the MOI and in compliance with the AIM Rules and JSE Listings Requirements. Accordingly, Cobus Loots, Hester Hickey and Thabo Mosololi, will retire by rotation at the upcoming AGM, and being eligible, will offer themselves for re-election.

A brief CV of each director standing for election at the AGM is contained in this Integrated Annual Report. The Nominations Committee, having assessed the performance of those directors who are due for re-election, makes a formal recommendation for re-election to the board and shareholders.

Reviews

An annual effectiveness evaluation is undertaken in respect of the board and the Audit Committee, both from a self-evaluation and independent evaluation perspective. The evaluations in the year found the board and Audit Committee to be satisfactorily effective, subject to the caveat that the composition of the board and all its committees would benefit from the inclusion of one more independent non-executive director. Thabo Mosololi was subsequently appointed, as above. The Audit Committee further performed an assessment of the independence of each independent non-executive director, as above.

Share dealings

All group employees above Patterson Grading D (which includes operational management, EXCO and OPSCO) with access to financial and any other price-sensitive information are prohibited from dealing in Pan African Resources' shares during "closed periods", as defined by the AIM and JSE rules, or while the company is trading under cautionary. An appropriate communication is sent to all such employees alerting them that the company is entering a closed period. Should any of the relevant employees wish to trade Pan African Resources' shares, written permission must be obtained from either the CEO or FD and confirmed with the South African and UK-based corporate advisors prior to the trade taking place. There were no contraventions of this policy during the year.

Succession planning

Succession planning for the board, management team and senior executives falls to the board, assisted by the Nominations Committee. The committee regularly reviews the group's succession strategy. Succession plans are in place for the incumbent key executives, with an informal "on-the-job" mentor programme for identified successors supporting this process.

New appointments

The Nominations Committee identifies, interviews and proposes potential candidates to the board. The board evaluates each individual in the context of the board as a whole – the objective remains having a board that can best perpetuate our success and represent shareholder interests through the exercise of sound judgement using its diversity of experience. The company ensures all new directors are informed of the JSE and AIM rules with the assistance of the UK Nomad and JSE sponsor, given that all appointees are accomplished board directors and familiar with the fiduciary duties expected of them. However, new appointees are provided with the latest annual and interims results, Integrated Annual Report and minutes of previous board meetings. It is intended that a formal induction programme will be introduced in the short term.

Ongoing development

All directors receive ongoing training on relevant matters and in addition, directors who are chartered accountants comply with SAICA CPD requirements. The UK-based Nomad ensures that the directors remain up to date with AIM regulations, while the South African sponsor ensures the same vis-à-vis the JSE Listings Requirements. The company secretary and Chair of the Audit Committee are further responsible for keeping the board abreast of new legislation, recommendations and best practice.

SUPPORT FUNCTIONS

Independent advice

All independent non-executive directors have unrestricted access to management at any time as well as to the groups' external auditor. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense.

Company secretary

Pan African Resources outsources the company secretarial function. St James' Corporate Services Limited has been the group's company secretary since 8 July 2008. The company secretary advises the board of any relevant regulatory changes and/or updates.

Specifically the company secretary keeps record of, *inter alia*, shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest(s), all notices and circulars issued by the company, directors training, guidance on directors' duties and good governance and assistance of evaluation of board and board committees performance. He is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board in this regard.

CORPORATE
GOVERNANCE (continued)

Further, he reviews the rules and procedures applicable to the conduct of the board. To this end he will involve, wherever necessary, the sponsor, Nomad and other relevant advisers/experts to ensure that the directors have adequate information to sufficiently discharge their responsibilities in the best interests of the company.

The appointment and removal of the company secretary is a matter for the board as a whole. The Audit Committee review the company secretary's qualifications and competence.

The board is comfortable that the company secretary St James's Corporate Services Limited maintains an arm's length relationship with the board at all times and is sufficiently qualified and skilled to act in accordance with, and update directors in terms of the recommendations of the King III Report and other relevant local, UK and international regulations and legislation.

Advisers

One Capital is the company's appointed sponsor in accordance with the JSE Listings Requirements. One Capital is responsible for ensuring that the company is at all times guided and advised as to the application of the JSE Listings Requirements (as above).

The group's Nomad and joint broker in the UK is Canaccord Genuity. Peel Hunt also acted as joint broker during the reporting period, with their contract having been terminated in July 2014.

IT GOVERNANCE

Recognising the importance of this aspect to sustainability, the group is currently in the process of implementing an IT governance framework, which will be governed by an IT charter, to be formalised, adopted and rolled out in the current year. Niel Symington, part of the finance team, will assume the responsibilities of chief information officer.

To date each operation has formal business continuity and disaster management plans in place, which are the responsibility of the respective general managers.

LEGAL COMPLIANCE

The group complies with the following Acts and regulations:

UK company

- UK Bribery Act
- UK Companies Act 2006

SA company

- South African Companies Act 2008
- Broad-Based Black Economic Empowerment Act, 2003

Taxation

- Income Tax Act
- Value Added Tax Act
- Customs and Excise Act
- Transfer Duty Act
- Estate Duty Act
- Securities Transfer Tax Act
- Securities Transfer Tax Administration Act

Labour

- Skills Development Act, 1998
- Skills Development Levies Act
- Unemployment Insurance Act, 2001
- Unemployment Insurance Contributions Act
- Basic Conditions of Employment Act, 1997
- Compensation for Occupational Injuries and Diseases Act, 1993
- Employment Equity Act, 1998
- Labour Relations Act, 1995
- Manpower Training Act, 1981
- Occupational Diseases in Mines and Works Act, 1973
- Occupational Health and Safety Act, 1993

Minerals and energy

- Mine Health and Safety Act, 1996
- Mineral and Petroleum Resources Royalty (Administration) Act, 2008
- Mineral and Petroleum Resources Royalty Act, 2008
- National Energy Act, 2008
- National Nuclear Regulator Act, 1999
- Nuclear Energy Act, 1999
- Precious Metals Act, 2005

Safety and security

- Disaster Management Act, 2002
- Explosives Act, 2003
- Firearms Control Act, 2000
- National Radioactive Waste Disposal Institute Act, 2008
- Prohibition or Restriction of Certain Conventional Weapons Act, 2008
- Protection from Harassment Act, 2010

Water

- National Water Act, 1998
- Water Services Act, 1997

KING III APPLICATION

King III, Chapter 2 as below:

Principle number	Description	Compliance
Chapter 2: Boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	The board is the focal point and custodian of corporate governance for Pan African Resources. In accordance with the board charter and Code of Conduct, the board is committed to the highest standards of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	In accordance with the board charter and all committee terms of reference reviewed according to King III, the board is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The group's formalised risk management process takes into account the full range of risks including strategic and operational risk, as well as performance and sustainability.
2.3	The board should provide effective leadership based on an ethical foundation.	The board provides effective leadership and is committed to the highest standards of ethical conduct. See "Ethical Leadership" on page 38.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	See 2.1 above.
2.5	The board should ensure that the company's ethics are managed effectively.	A Code of Conduct is in place and extends to the all group operations. See "Ethical Leadership" on page 38.
2.6	The board should ensure that the company has an effective and independent Audit Committee.	The board is satisfied that the Audit Committee is independent and effective. The committee's Chairman is Keith Spencer, an independent non-executive director as per King III requirements. Keith Spencer is considered a non-executive director per the AIM rules. The committee further consists of two independent non-executive directors.
2.7	The board should be responsible for the governance of risk.	The board's Audit Committee has conducted an evaluation of risk and is satisfied with the effective management of risk
2.8	The board should be responsible for information technology (IT) governance.	The board is addressing IT governance in its corporate governance practices and will be implementing an IT governance framework including a charter during financial year 2015.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. The South African sponsor and external auditor and UK Nomad are responsible for monitoring compliance. The directors take cognisance of legislation, regulation and best practice.
2.10	The board should ensure that there is an effective risk-based internal audit.	The Audit Committee has oversight of internal audit by approval of the internal audit plan and review of the reporting of any findings on a regular basis. The internal audit function currently outsourced to BDO has direct access to the Chair of the Audit Committee and internal audit are invited to attend each Audit Committee meeting.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board recognises the importance of developing and nurturing positive and stable relationships with stakeholders as a key driver of business success, as articulated in its key business pillars as described on page 16. (Also see Stakeholder engagement on page 30.)

CORPORATE
GOVERNANCE (continued)

Principle number	Description	Compliance
2.12	The board should ensure the integrity of the company's Integrated Annual Report.	The board continues to ensure that the Integrated Annual Report endeavours to provide a true view of the group's commitment to financial, social, governance, economic and environmental value creation, although the sustainability information in the Integrated Annual Report is not independently assured.
2.13	The board should report on the effectiveness of the company's system of internal controls.	The board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and group assets. Nothing has come to the attention of the directors during the year that would have caused/has caused a material breakdown in the system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a steward on behalf of the shareholders.
2.15	The board should consider business rescue proceeding or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	The board monitors the company's solvency and liquidity. Business rescue has not been required.
2.16	The board should elect a Chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairman of the board.	The Chairman, Keith Spencer, is an independent non-executive Chairman for JSE purposes and the roles of CEO and Chairman are clearly defined and separated.
2.17	The board should appoint the CEO and establish a framework for the delegation of authority.	The board should appoint the CEO and establish a framework for the delegation of authority.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	After the appointment of Rowan Smith, the board comprises a majority (five) of non-executive directors, four of whom are independent non-executive directors. The responsibilities of the Chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The Chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Pan African Resources as well as ensuring appropriately supervised and controlled daily operations. In this regard, the CEO is assisted by the FD. The independent non-executive directors and non-executive director are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.
2.19	Directors should be appointed through a formal process.	The entire board participates in a formal and transparent process for the appointment of new board members, including the CEO. The Nominations Committee recommends suitable candidates to the board following a vetting process, which takes into account a candidate's skills offering, experience and interests such as diversity.

Principle number	Description	Compliance
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	All directors receive ongoing general training with the assistance of SAICA (in reference to qualified Chartered Accountants), the UK Nomad, the South African sponsor, the company secretary and the Chair of the Audit Committee. The induction programme is managed and controlled by the Nomad and South African sponsor.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	The company secretary function is outsourced to St James' Corporate Services Limited, represented by Phil Dexter, who is not a director of Pan African Resources. The company secretary is accountable to the board as a whole and accordingly maintains an arm's length relationship with the board and its directors. The appointment and removal of the company secretary is a matter for the board as a whole. The Audit Committee reviews the company secretary's qualifications and competence. The board is comfortable that the company secretary maintains an arm's length relationship with the board at all times and is sufficiently qualified and skilled to act in accordance with, and update directors in terms of the recommendations of the King III Report and other relevant local, UK and international regulations and legislation.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	An annual effectiveness evaluation is undertaken in respect of the board and the Audit Committee, both from a self-evaluation and independent evaluation perspective.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board delegates certain functions without abdicating its own responsibilities to the following committees: • Audit Committee; • Remuneration Committee; • Nominations Committee; and • SHEQC Committee.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	The wholly-owned subsidiary directors are executives employed within the group, and authority is delegated to these executives is governed by the group's authority framework.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The group's remuneration philosophy reflects Pan African Resources' commitment to best practice. The Remuneration Committee determines the remuneration policy on executive and senior management remuneration in line with the group's remuneration philosophy. A detailed remuneration report is contained in the Integrated Annual Report on page 84.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors is disclosed in the Integrated Annual Report on page 146.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the AGM.

The full King III checklist is available at *www.panafricanresources.com*.

GOVERNANCE

RISK
MANAGEMENT

We recognise that the ongoing and effective management of business risk is vital to Pan African Resources' continued growth and success.

The system of internal controls and monitoring relating to risk is designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial statements. Further, the systems are designed to manage rather than eliminate applicable risks, safeguard and verify the accountability of the group's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The identification of risks is informed by the external environment, and the nature of the individual operations' activities.

A formal risk management process is in place, as below:

BOARD OF DIRECTORS

The board of the company is ultimately responsible for the management of risk. In this endeavour, the directors are assisted by the Audit Committee. The board regularly reviews the risk reports from the operations, ensuring that the appropriate risk management programmes and monitoring of progress against key risk indicators are being effectively implemented. The board, together with executive management, is also responsible for the identification of strategic risks and opportunities. Strategic workshops are conducted to evaluate risks and opportunities, confirm or amend group strategy and establish strategic actions for the forthcoming period.

Controls and actions to mitigate strategic risks can be implemented at the level of individual operations, across a group discipline (HR for example) or at executive management level.

AUDIT COMMITTEE

This committee reports directly to the board and has several responsibilities including internal control, internal audit, risk management and assurance.

The committee meets at least three times a year (attendance is outlined on page 75) and makes recommendations to the board, which retains ultimate responsibility, with regard to risk tolerance levels. It also works closely with the internal audit function and approves and reviews the internal audit plan and its execution.

On an ongoing basis the committee works closely with the executive management team as well as the external auditors.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to BDO, which evaluates the effectiveness and general compliance of controls aimed at addressing risks within the group.

EXECUTIVE MANAGEMENT

Executive management implements operational controls to ensure the validity, accuracy and completeness of financial information. They demand that each employee assumes responsibility for conducting him/herself in accordance with established policies and procedures, to minimise the potential occurrence of any risk event and constantly to seek opportunities to improve performance and efficiencies.

OPERATIONS

Initiatives to mitigate risks at operational level are designed to ensure continuous, safe and responsible production of gold and PGEs. Risks are identified at risk workshops and in strategy session. Each of the group's operations maintains a risk register, which includes risk identification, risk mitigating factors and responsibilities. The group's key risks are set out on page 21.

EXTERNAL AUDIT FUNCTION

External audit reports on the fair presentation of financial information on a statutory reporting level in compliance with IFRS as adopted by the EU and Article 4 of the IAS Regulation, UK Companies Act 2006 and the Companies Act. The board, assisted by the Audit Committee, evaluates the effectiveness and independence of the external auditors – the South African and UK firm of Deloitte & Touche.

JSE AND AIM

The company is compliant with the JSE Listings Requirements and AIM Rules.

REMUNERATION
REPORT

The Remuneration Committee assists the board in ensuring that group remuneration and recruitment are aligned with the overall business strategy, with the aim of enabling Pan African Resources to attract and retain personnel who will create long-term value for all stakeholders.

The committee is an independent and objective body, which monitors and strengthens the credibility of the group's executive remuneration system. It reviews the performance of the CEO, executives and senior management and sets the scale, structure and basis of their remuneration and the terms of their service agreements. It also considers and makes recommendations to the board on remuneration packages and policies in this regard.

All executive directors have employment contracts with the company and are remunerated by the company for services performed.

Pan African Resources' remuneration philosophy seeks to reward executive directors and other senior management for individual and group performance. It recognises that these individuals have the ability to significantly impact the performance of the group, in both the short and longer terms. Executive directors and other senior management carry significant responsibility, legal and otherwise, and appropriate skills are difficult to attract and retain in what is increasingly a challenging environment. It is therefore critical that remuneration achieves, *inter alia*:

- Attracts the "right" senior staff
- Incentivises key staff to perform and then measures and rewards performance
- Retains critical skills

In order to achieve these objectives, the Remuneration Committee, in consultation with and with oversight from the board, retains flexibility in terms of how it incentivises and rewards performance.

REMUNERATION FRAMEWORK

Remuneration	Key features	Criteria for eligibility
Basic salary and benefits	• Reviewed annually against competitive market data and analysis (PwC Remchannel Survey)	Employment at the group
Short-term incentives	• Paid annually at corporate level • Paid semi-annually at operations • Measured objectively against the group's performance or personal contribution	**Executive directors** Collective KPIs account for 40% of assessment. These are based on the group's gold sold (ounces), costs of production and safety targets – objective measurements based on the group's actual achievements against the set business plan for the financial year. Individual KPIs account for 60% of assessment and are specific to the employee concerned. **EXCO/OPSCO** Collective KPIs account for 50% of assessment. These are based on the group's gold sold (ounces), costs of production and safety targets – objective measurements based on the group's actual achievements against the set business plan for the financial year. Individual KPIs account for 50% of assessment and are specific to the employee concerned. **Operational management** Collective KPIs account for 80% of assessment. These are based on gold sold (ounces), costs of production and safety targets – objective measurements based on the group's actual achievements against the set business plan for the financial year. Individual KPIs account for 20% of assessment and are specific to the employee concerned.
Share options (for further detail see page 135, and/or contact the company secretary)	• The Equity Share Option Plan • Pan African Resources group Share Appreciation Bonus Plan	The main objective of the group Equity Share Option Plan and Share Appreciation Bonus Plan is to appropriately incentivise select employees who are employed at a managerial level within the group, to ensure retention of key skills required for the group's ongoing profitable performance and growth, and to align management interests with those of shareholders.

OUR
IMPACTS


8 SHAFT

VALUE ADDED

STATEMENT (UNAUDITED)

NOTE: The report below constitutes a summary of the key points explained more fully in our full Sustainability Report available on our website at *www.panafricanresources.com*.

	30 June 2014 ZAR million	30 June* 2013 ZAR million
Revenue from all operations	**2,608.8**	1,848.1
Paid to suppliers for material and services	**(738.2)**	(386.2)
Value added	**1,870.6**	1,461.9
Income from investments***	**8.5**	9.8
Total value created	**1,879.1**	1,471.7
Value distribution		
Employees costs	**852.6**	618.4
Capital providers	**255.1**	17.4
Finance costs	**14.8**	17.4
Dividends to	**240.3**	–
Central and local government	**131.1**	172.4
Company taxation	**120.8**	167.9
Skills development levy	**10.3**	4.5
CSI**	**19.0**	21.6
Reinvested in group to maintain and develop operations	**621.3**	641.9
Depreciation and amortisation	**169.2**	83.0
Retained profits	**452.1**	558.9
	1,879.1	1,471.7
Value added ratios		
Average number of employees****	**4,425**	4,345
Revenue per employee	**0.6**	0.4
Value created per employee	**0.4**	0.3
CSI – % of profit after tax (%)	**4.2**	3.9

* *As previously reported in the prior year.*

** *CSI includes education, food and water security, and poverty alleviation projects.*

*** *Income from investments includes interest received and share of associate losses and losses on disposal of assets held-for-sale.*

**** *Average number of permanent group employees throughout the year, which included four months of Evander Mines employees in the prior year.*

For the full Sustainability Report please refer to our website **www.panafricanresources.com**

SUSTAINABILITY
DRIVE

SHEQC COMMITTEE AND RESPONSIBILITIES

The SHEQC Committee's responsibilities encompass monitoring and regulating the impact of the group on its stakeholders, and thus its social licence to operate. The committee serves as the Social and Ethics Committee as required by the Companies Act.

Pan African Resources is committed to conducting its mining operations in strict compliance with the mining licence conditions set by the DMR and the MHSA and other relevant regulations. This compliance is driven by the group SHEQC Manager, Mandla Ndlozi, within the group philosophy of continuous improvement. Ultimate responsibility for the group's SHEQC performance rests with the board and radiates from the board down through the group.

(See Pan African Resources Sustainability Report at www.panafricanresources.com for further details.)

During the year under review a formal integrated SHEQC Policy and charter were approved and implemented, extending to safety, health, environment, quality and communities.

The committee comprises independent non-executive directors Keith Spencer, who chairs the committee, and Hester Hickey. It further comprises CEO Ron Holding, COO Anaki Karigeni, group SHEQC Manager Mandla Ndlozi, Executive HR Andre van den Bergh and the General Manager of each operation.

The committee has free and unrestricted access to the company's management, employees and the findings of outside consultants in all matters pertaining directly or indirectly to SHEQC concerns.

The committee meets at least four times a year. Details of meeting attendance are set out on page 75.

The role of the committee includes specifically to:

- Develop the framework, policies and guidelines for SHEQC management.
- Review the policies and performance of the group and the ongoing implementation of such policies.
- Monitor SHEQC risks and liabilities at head office, all operations of the group and any managed subsidiaries and significant investments.
- Monitor key indicators on accidents and incidents and ensure such information is communicated to other companies managed by or associated with the company.
- Consider substantive national regulatory and technical developments in the SHEQC fields.
- Facilitate participation, co-operation and consultation on SHEQC matters with relevant stakeholders, including but not limited to, governments, national and international organisations, other companies and other SHEQC bodies.

Health and Safety

Pan African Resources is committed to continually improving its occupational health and safety performance and strives to reduce the risk of exposure associated with unhealthy or unsafe conditions in the workplace.

(For further details please see the Pan African Resources Sustainability Report at www.panafricanresources.com.)

Environment

Pan African Resources is committed to responsible stewardship of natural resources and the ecological environment and accordingly to eliminating or minimising the negative impacts of our operations. Environmental management is well integrated into management practices throughout the group.

The group is steadfast in its commitment to enhancing its approach through processes, practices and techniques to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste and to reduce adverse environmental impacts.

The group acknowledges that with the pending introduction of a national carbon tax, environmental monitoring must be enhanced and developed to extend to an accurate and complete determination of its emissions.

(For further details please see Pan African Resources Sustainability Report at www.panafricanresources.com.)

Quality

Pan African Resources is committed to the highest standards of quality and endeavours to meet the requirements of its stakeholders in this regard, in order to continue creating value. Effective communication with relevant stakeholders is therefore a vital element of quality management.

To achieve this, the group drives continuous improvement at operations by providing adequate and appropriate resources and relevant training and development to its employees and contractors. Quality is further monitored through regular audits.

Communities

Pan African Resources strives to minimise potentially negative social impacts while promoting opportunities for the local communities in its areas of operation. To this end it endeavours to monitor, measure and manage its social and economic impacts.

The group's operations engage in a range of development and community relations activities, which aim to ensure the self-sustainable welfare of communities. Management at the mines are proactive in building and maintaining stakeholder relationships with the local communities and have forged close working relationships with ward councillors and local leaders.

(For further details please see Pan African Resources Sustainability Report at www.panafricanresources.com.)

SHEQC COMMITTEE
REPORT

SAFETY AND HEALTH

SAFETY HIGHLIGHTS FY2014

- 11% improvement in LTIFR
- 12% improvement in RIFR
- Continued alignment and standardising of safety across operations
- Alignment of safety risk assessment process across operations
- Improvement on incident and accident reporting system within the group
- Applying lessons learnt from individual incidents across the group

Safe mining is a business imperative and an underpin of one of the group's four key strategic pillars. Pan African Resources therefore expends considerable effort in promoting a safe and healthy work environment, aiming for world-class standards and zero injuries. The group's enabling culture, wherein employees at all levels are encouraged to engage freely around SHEQC matters, is conducive to achieving this objective.

All the group's operations comply with the requirements of the MHSA.

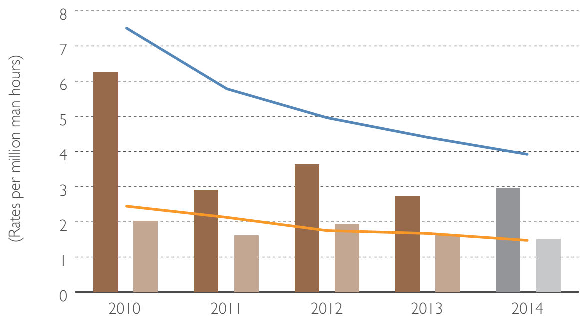
Regretfully Pan African Resources reported four fatalities in FY2014. Three occurred at Barberton Mines and one at Evander Mines, of which three were FOG incidents and the fourth involved a TMM. Subsequent to these incidents the following precautionary measures were enforced:

- A group FOG strategy was implemented.
- The Barberton Mines Safety Action Plan which focusses on "Journey to Zero Tolerance" was reviewed and re-implemented.
- All TMM operators and underground employees underwent first aid training/awareness.

In terms of this, Pan African Resources has increased its focus on the behaviour and attitude of employees towards health and safety.

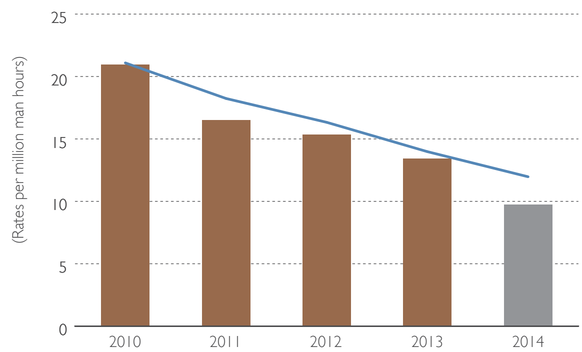
The group safety trend for LTIFR was ahead of set targets, and the TIFR has improved by 27% from 13.42 to 9.75. The RIFR regressed due to the fatalities as explained above. The group FIFR regressed to 0.30 compared to 0.22 in the prior year.

LTIFR AND RIFR



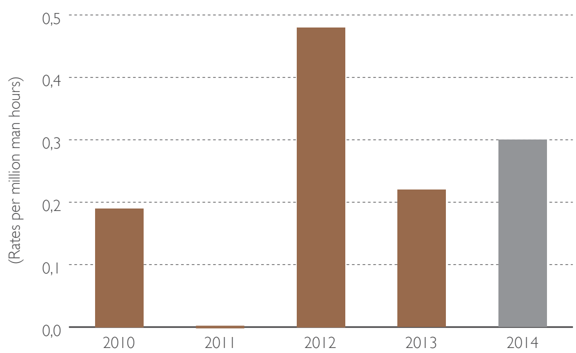
	2010	2011	2012	2013	2014
LTIFR	6.26	2.91	3.63	2.74	2.97
Target	7.54	5.80	4.94	4.41	3.92
RIFR	2.02	1.62	1.94	1.63	1.52
Target	2.43	2.11	1.73	1.65	1.45

TRIFR



	2010	2011	2012	2013	2014
LTIFR	20.95	16.51	15.34	13.42	9.75
Target	21.09	18.24	16.33	13.98	11.97

FIFR



	2010	2011	2012	2013	2014
FIFR	0.19	0	0.48	0.22	0.30

HEALTH HIGHLIGHTS FY2014

- Decline in diagnosed Sporotrichosis at Barberton Mines

Pan African Resources recognises that mining as a profession carries inherent health risks. Effectively managing associated conditions and diseases is a direct investment by the group in its people and therefore in our long-term sustainability.

The group provides a work environment that minimises health risks by ensuring adequate surveillance of workplaces and employees, promoting work practices that are conducive to the long-term wellbeing of employees and providing appropriate and adequate healthcare facilities and resources.

Management of the "Big 6" diseases: namely, HIV/AIDS, TB, diabetes, hypertension, silicosis and NIHL and the "Big 7" at Barberton Mines, which includes Sporotrichosis, are monitored at an operational level and reported to the group SHEQC Committee.

OUR
PEOPLE

HIGHLIGHTS FY2014

- Zero incident of labour unrest
- Largely stable workforce
- Ongoing improvement initiatives in people management
- 114 new jobs created at Barberton Mines
- Evander Mines concluded industry-first two-year wage agreement

People are a primary driver of the group's four-pillar business strategy and we see our employees as fundamental to the sustainability of the business. Andre van den Bergh – the group's Executive: HR – assisted by all management is responsible for our employee relations and overseeing initiatives in this regard.

Our operations are controlled by mining rights and each has devised a SLP, which has been submitted to the DMR.

The group has a commendable employee average turnover rate of 6.8%. The workforce is largely stable and continually benefits from improvement initiatives at the operations, such as the medical aid scheme that was launched at Barberton Mines in the year.

114 new jobs were created in FY2014 through the commissioning of the BTRP.

The group is committed to providing equal opportunity for individuals in all aspects of employment. The group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the group's policy, wherever practicable, to provide continuing employment under similar terms and conditions and to provide training, career development and promotion, wherever appropriate.

Skills development and training

Pan African Resources is committed to skills development and spent ZAR20.1 million on training for the year. Barberton Mines and Evander Mines have onsite accredited training centres offering a range of occupational skills training programmes, while Phoenix Platinum provides on-site training or outsources this where applicable. Learnership programmes are also in place at the operations.

Labour relations

Pan African Resources complies with all applicable legislation and bargaining arrangements and in addition, each operation has a strategic, proactive and consultative engagement process with unions and employees. Notwithstanding a volatile labour situation in the South African mining sector in the year, the group did not experience a single incident of organised labour unrest at any operation, which we attribute to the success of the above.

At Barberton Mines NUM represents 80% of the labour force. UASA represents the officials, artisans and miners. Although Barberton Mines is not a member of the Chamber of Mines, it nonetheless uses many of its policies as guidance for its own procedures and policies. However, the mine conducts its own wage negotiations, which were successfully concluded during the year without incident. Barberton Mines currently has the presence of AMCU on the mine, although the union does not meet the recognition criteria at Barberton Mines there remains a risk of future industrial action regarding recognition.

At Evander Mines NUM represents 90% of the workforce, with UASA representing 8.5%.

100% of the workforce is covered by collective bargaining agreements. The mine is a member of the Chamber of Mines and in July 2013, was the first in the industry to sign a two-year wage agreement.

Phoenix Platinum employs four individuals, all in management positions. The operations at the processing plant are outsourced to a specialist metallurgical company, Metanza, who is responsible for further employment at the operation.

The group has committed substantial investment to upgrade and convert old hostels into single accommodation and family units, which is well underway at Evander Mines. In line with the Mining Charter scorecard, Barberton Mines recruits only from its labour setting – an area of high unemployment. The majority of Barberton Mines' employees live off-mine.

Pan African Resources recognises that it has a responsibility beyond its own employees in the wider employment context. Accordingly, wherever possible and beyond Barberton Mines, the group employs from and upskills the local communities which surround its operations.

CSI

Our CSI focus is on the empowerment of the communities surrounding our operations, with specific beneficiaries negotiated with local economic fora. The group targets 1% of NPAT for contribution to these beneficiaries, in addition to the per operation contributions.

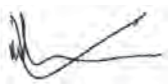
Transformation

Pan African acknowledges that integrating genuine transformation that permeates the group is critical for the sustainability of its business in South Africa.

In August 2009 Shanduka exchanged its shareholding of 26% in Barberton Mines for 21% of Pan African Resources and further acquired an additional 5% in the group from Metorex for cash, taking the black-owned and managed Shanduka to a 26% shareholding in Pan African Resources. Black ownership in the group is therefore in line with Mining Charter requirements. Shanduka's current shareholding at 30 June 2014 is 23.8%.

Shanduka is as a black-owned investment holding company with interests in a diverse portfolio of listed and private companies primarily in the resources and food and beverage industries. Its investments are spread across South Africa, Mozambique, Mauritius, Ghana and Nigeria.

A total of 93.2% of the group's 4,426 average number of employees are black.



Keith Spencer
Chairman: SHEQC Committee

16 September 2014

ANNUAL
FINANCIAL STATEMENTS

AUDIT
COMMITTEE REPORT

FINANCIAL STATEMENTS

The committee has evaluated the group and company financial statements for the year ended 30 June 2014 and, based on the information provided to the committee, considers that the group and company complies, in all material respects, with the requirements of the Companies Act and IFRS. The requirements from King III are continuously being assessed and improved on with significant issues resolved.

EXTERNAL AUDITOR

The committee nominated Deloitte LLP as the statutory auditor and Deloitte & Touche SA for JSE reporting requirement purposes, for reappointment as external auditors of Pan African Resources.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the UK Companies Act 2006 and the standards stipulated by the auditing profession.

The Audit Committee, in consultation with executive management, agreed to the terms of engagement. The audit fee for the external audit has been considered and approved for the 2014 financial year-end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee approved a non-audit services policy which determines the nature and extent of any non-audit services which Deloitte & Touche may provide to the company. The policy allows for limited tax and corporate governance advice as well as the provision of reporting accountant services in relation to capital market transactions.

FD

The directors have considered the functioning of Pan African Resources' financial department and believe that it functions effectively, with the required controls and systems in place.

The committee has assessed and is satisfied that the FD, Cobus Loots, has the appropriate skill, expertise and experience as required by the JSE Listings Requirement 3.84(h).

INTERNAL AUDITOR

The committee plays an oversight role of internal audit by approval of the internal audit plan and review of the reporting of any findings on a regular basis. The committee satisfied itself that the internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. The Head of Internal Audit has direct access to the Chairman of the Audit Committee and internal auditors are invited to attend each Audit Committee meeting.

ACCOUNTING PRACTICES AND INTERNAL CONTROL

Based on the available and communicated information, together with discussions with the independent external auditor, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The committee reviewed the auditor's report to those charged with governance and can report that there were no material issues requiring immediate additional attention. The value added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

On behalf of the Audit Committee

HH Hickey
Chairperson: Audit Committee

16 September 2014

DIRECTORS'
STATEMENT OF RESPONSIBILITY

The directors are responsible for preparing the integrated annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year in accordance with IFRS as adopted by the EU and Article 4 of the IAS Regulation. The directors have also chosen to prepare the parent company financial statements under IFRS as adopted by the EU. Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the group for that period. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing these financial statements, the IAS requires that directors:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events or conditions on the entity's financial position and financial performance.
- Make an assessment of the group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions, disclose with reasonable accuracy at any time the financial position of the group, and ensure that the financial statements comply with the UK Companies Act 2006. They are also responsible for safeguarding the assets of the company and therefore for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The group's principal activity during the year was gold and PGE mining. A full review of the activities of the business and of future prospects is contained in the CEO's report that accompanies these financial statements, with financial and non-financial KPIs shown on page 26.

RESULTS AND DIVIDENDS

The results for the year are disclosed in the consolidated statement of comprehensive income on page 103. The salient features of these results can be found on page 12.

The Pan African Resources board of directors previously stated the company's policy is to pay an annual dividend, and have therefore proposed to declare a dividend in respect of the 2014 financial year subject to the approval of the shareholders at the next AGM. Currently, with the satisfactory results from Barberton Mines and Evander Mines, the board remains committed to continue with the company's dividend policy and had resumed the dividend payment as proposed in the 2013 financial year.

The board has proposed a dividend of approximately ZAR258.0 million (GBP14.5 million[1]) for the 2014 financial year, equating to ZAR0.1410 per share (0.7898p per share1), resulting in a dividend cover of 1.8 times.

The proposed final dividend is calculated on 1,829,994,763 issued shares currently outstanding and is to be approved by shareholders at the forthcoming AGM of the company.

Note 1: The GBP proposed dividend was calculated based on an exchange rate of ZAR17.85:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.7898p per share.

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 target credit days are 60 days.

RISK MANAGEMENT

The key business risks to which the company is exposed have been considered and addressed under the operational review of each business segment. Refer to page 48 for gold operations and page 54 for PGE operations.

A separate risk committee is not considered necessary, as this role is fulfilled by the board, its sub-committees and executive management. The identification and management of critical risks is a strategic focus area for executive management, reviewed on a monthly basis and, together with action plans, reported regularly to the board. Executive management has the ability to call for emergency board meetings, should the need arise. Risk registers for each business segment are in place. The board has reviewed the current risks to the business and, at the time of reporting, believes that the current business risks do not exceed the risk appetite of the group.

Residual risks include the current South African labour market and associated union rivalry, USD gold price, USD/ZAR exchange rate, and government and regulatory frameworks, as well as unforeseen natural disasters.

The board believes that the current processes of identifying and dealing with risks are effective.

INTERNAL CONTROL

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

Internal financial control procedures undertaken by the board include:

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

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

Political donations

The board confirms that no political donations were made and no political expenditure was incurred during the current or prior year.

GOING CONCERN

The board confirms that the business is a going concern and that it has reviewed the business' working capital requirements in conjunction with its future funding capabilities for at least the next 12 months, and has found them to be adequate. The group has a revolving credit facility with Nedbank Limited, ABSA Limited and Rand Merchant Bank. The group at 30 June 2014 had unutilised RCF facilities of ZAR600 million and cash on hand of ZAR101.2 million to assist in funding working capital requirements.

Management are not aware of any material uncertainties which may cast significant doubt on the group's ability to continue as a going concern. Should the need arise the group can cease most exploration and capital activities, and by doing so conserve cash.

EVENTS AFTER THE REPORTING PERIOD

Rob Still resigned as a non-executive director with effect from 1 July 2014.

Rowan Smith was appointed as an independent non-executive director, with effect from 8 September 2014.

On 29 August 2014, Barberton Mines implemented a broad-based employee ownership scheme (ESOP). A newly established employee trust will own 5% of the issued share capital of Barberton Mines. The transaction was fully vendor financed on a notional basis by Barberton Mines, the preference share funding attracts market related returns and dilution effect to Pan African Resources is limited.

Peel Hunt LLP acted as joint broker during the year. With effect from 1 July 2014 the contract with FinnCap Ltd was terminated.

Post year end Bell Pottinger were appointed as investor relations consultants.

DIRECTORS

The following were directors during the year under review:

KC Spencer (Chairman)*

P Mahanyele (Deputy chairman)

YB Sitole (resigned effective 30 September 2013)

JAJ Loots (FD) (appointed 1 October 2013)

RG Still (resigned 1 July 2014 subsequent to the financial year end)

HH Hickey

RA Holding (CEO) (appointed 9 September 2013)

T Mosololi (appointed 9 December 2013)

* *Independent non-executive director per King III, whilst a non-executive director per AIM rules.*

AUDITORS

Deloitte LLP has been appointed as the statutory auditor and Deloitte & Touche South Africa has been appointed as auditor for JSE reporting requirements until the conclusion of the next AGM.

Each of the persons who are directors at the date of approval of this annual report confirms that:

- so far as each director is aware, there is no relevant information of which the group's auditors are unaware of;
- each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

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

Deloitte LLP and Deloitte & Touche South African have expressed their willingness to continue in office as auditors, and a resolution to reappoint it will be proposed at the forthcoming AGM.

APPROVAL OF FINANCIAL STATEMENTS

The board of directors therefore approves the Integrated Report and associated Financial Statements.

By order of the board,

Ron Holding
CEO

16 September 2014

INDEPENDENT AUDITOR'S REPORT (UK)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAN AFRICAN RESOURCES PLC

We have audited the financial statements of Pan African Resources PLC for the year ended 30 June 2014 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 39. 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.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Timothy Biggs FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

16 September 2014

INDEPENDENT AUDITOR'S REPORT (SA)

TO THE SHAREHOLDERS OF PAN AFRICAN RESOURCES PLC

We have audited the consolidated and separate financial statements of Pan African Resources PLC. set out on pages 103 to 157, which comprise the statements of financial position as at 30 June 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated and Separate Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pan African Resources PLC. as at 30 June 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: MLE Tshabalala
Partner

16 September 2014

ANNUAL FINANCIAL STATEMENTS

CERTIFICATE
OF THE COMPANY SECRETARY

I hereby certify that Pan African Resources has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the UK 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
16 September 2014

CONSOLIDATED AND COMPANY STATEMENT OF
COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	Group 30 June 2014 (Audited) £	Group 30 June 2013 (Audited) £	Company 30 June 2014 (Audited) £	Company 30 June 2013 (Audited) £
REVENUE					
Gold sales	4	**150,288,898**	129,277,438	**–**	–
Platinum sales	4	**4,262,160**	4,257,512	**–**	–
Realisation costs		**(349,454)**	(226,738)	**–**	–
On-mine revenue		**154,201,604**	133,308,212	**–**	–
Gold cost of production	5	**(103,099,110)**	(67,646,119)	**–**	–
Platinum cost of production	5	**(3,294,975)**	(3,535,046)	**–**	–
Mining depreciation	16,17	**(10,023,361)**	(5,998,267)	**–**	–
Mining profit		**37,784,158**	56,128,780	**–**	–
Other expenses	8	**(1,449,853)**	(5,652,226)	**(565,499)**	(3,229,348)
Bargain purchase gain	39	**–**	24,114,255	**–**	–
Loss in associate	19	**(173,177)**	(152,312)	**(173,177)**	(152,312)
Loss on disposal of asset held for sale	36	**(11,848)**	(586,138)	**–**	(586,138)
Impairments	10	**–**	(16,143,604)	**–**	(18,058,860)
Royalty costs		**(2,019,066)**	(3,198,622)	**–**	–
Net income before finance income and finance costs		**34,130,214**	54,510,133	**(738,676)**	(22,026,658)
Finance income	4	**687,185**	1,454,659	**168,877**	1,079,235
Finance costs	9	**(878,064)**	(1,257,696)	**(31)**	–
Profit before taxation	10	**33,939,335**	54,707,096	**(569,830)**	(20,947,423)
Taxation	13	**(7,154,742)**	(12,133,063)	**145,372**	289,876
Profit after taxation		**26,784,593**	42,574,033	**(424,458)**	(20,657,547)
Other comprehensive income (net of taxes):					
Items that may be reclassified subsequently to profit and loss					
Other movements		**(5,529)**	–	**–**	–
Foreign currency translation differences		**(25,378,975)**	(20,228,836)	**1,071,988**	(1,596,822)
Total comprehensive income for the year		**1,400,089**	22,345,197	**647,530**	(22,254,369)
Profit attributable to:					
Owners of the parent		**26,784,593**	42,574,033	**(424,458)**	(20,657,547)
		26,784,593	42,574,033	**(424,458)**	(20,657,547)
Total comprehensive income attributable to:					
Owners of the parent		**1,400,089**	22,345,197	**647,530**	(22,254,369)
		1,400,089	22,345,197	**647,530**	(22,254,369)
Earnings per share	14	**1.47**	2.63	**–**	–
Diluted earnings per share	14	**1.46**	2.62	**–**	–

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2014

	Notes	Group 30 June 2014 (Audited) £	Group 30 June 2013 (Audited) £	Company 30 June 2014 (Audited) £	Company 30 June 2013 (Audited) £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	**185,375,968**	209,489,677	**70,950**	85,141
Other intangible assets	17	**214,330**	340,484	**23,108**	–
Deferred taxation	29	**366,567**	312,798	**366,567**	267,281
Goodwill	18	**21,000,714**	21,000,714	**–**	–
Investments	19	**–**	–	**122,007,254**	122,007,254
Investments in associate	19	**1,009,545**	1,199,071	**1,009,429**	1,182,606
Rehabilitation trust fund	20	**15,458,291**	16,973,713	**–**	–
		223,425,415	249,316,457	**123,477,308**	123,542,282
Current assets					
Inventories	21	**5,341,128**	6,595,740	**–**	–
Receivables from other group companies	35	**–**	–	**22,455,618**	12,524,940
Current tax asset	26	**854,568**	1,479,339	**147,911**	–
Trade and other receivables	22	**11,696,380**	13,904,416	**60,426**	1,221,443
Cash and cash equivalents	23	**5,618,323**	4,768,916	**1,803,545**	3,304,949
		23,510,399	26,748,411	**24,467,500**	17,051,332
Non-current assets held for sale	36	**–**	213,191	**–**	–
Total assets		**246,935,814**	276,278,059	**147,944,808**	140,593,614
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	**18,299,947**	18,228,342	**18,299,947**	18,228,342
Share premium		**94,792,516**	94,515,562	**94,792,516**	94,515,562
Translation reserve		**(47,545,320)**	(22,166,345)	**(5,682,886)**	(6,754,874)
Share option reserve		**1,154,891**	1,031,955	**1,016,661**	897,658
Retained income		**114,106,005**	102,005,124	**1,116,204**	16,224,374
Realisation of equity reserve		**(10,701,093)**	(10,701,093)	**–**	–
Merger reserve		**(10,705,308)**	(10,705,308)	**1,560,000**	1,560,000
Other reserves		**(5,529)**	–	**–**	–
Equity attributable to owners of the parent		**159,396,109**	172,208,237	**111,102,442**	124,671,062
Total equity		**159,396,109**	172,208,237	**111,102,442**	124,671,062
Non-current liabilities					
Long-term provisions	27	**12,033,167**	14,821,152	**–**	–
Long-term liabilities	28	**8,141,317**	11,132,960	**153,721**	390,681
Deferred taxation	29	**43,353,577**	54,049,440	**–**	–
		63,528,061	80,003,552	**153,721**	390,681
Current liabilities					
Trade and other payables	25	**17,219,749**	23,202,052	**803,607**	1,758,875
Current portion of long-term liabilities	28	**4,754,803**	864,218	**560,882**	–
Payable to other group companies	35	**–**	–	**35,324,156**	13,772,996
Current tax liability	26	**2,037,092**	–	**–**	–
		24,011,644	24,066,270	**36,688,645**	15,531,871
Total equity and liabilities		**246,935,814**	276,278,059	**147,944,808**	140,593,614

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Share capital £	Share premium £	Translation reserve £	Share option reserve £	Retained income £	Realisation of equity reserve £	Merger reserve £	Other reserves £	Total £
GROUP									
Balance at 30 June 2012	14,482,623	51,149,299	(1,937,509)	904,902	59,432,741	(10,701,093)	(10,705,308)	–	102,625,655
Issue of shares	3,745,719	46,868,536	–	–	–	–	–	–	50,614,255
Share issue costs	–	(3,502,273)	–	–	–	–	–	–	(3,502,273)
Other reserves	–	–	–	–	(1,650)	–	–	–	(1,650)
Total comprehensive income	–	–	(20,228,836)	–	42,574,033	–	–	–	22,345,197
Share based payment – charge for the year	–	–	–	127,053	–	–	–	–	127,053
Balance at 30 June 2013	18,228,342	94,515,562	(22,166,345)	1,031,955	102,005,124	(10,701,093)	(10,705,308)	–	172,208,237
Issue of shares	71,605	276,954	–	–	–	–	–	–	348,559
Other reserves	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	(25,378,975)	–	26,784,593	–	–	(5,529)	1,400,089
Dividends paid	–	–	–	–	(14,683,712)	–	–	–	(14,683,712)
Share based payment – charge for the year	–	–	–	122,936	–	–	–	–	122,936
Balance at 30 June 2014	**18,299,947**	**94,792,516**	**(47,545,320)**	**1,154,891**	**114,106,005**	**(10,701,093)**	**(10,705,308)**	**(5,529)**	**159,396,109**
COMPANY									
Balance at 30 June 2012	14,482,623	51,149,299	(5,158,052)	792,143	36,881,921	–	1,560,000	–	99,707,934
Issue of shares	3,745,719	46,868,536		–	–	–	–	–	50,614,255
Share issue costs	–	(3,502,273)	–	–	–	–	–	–	(3,502,273)
Total comprehensive income	–	–	(1,596,822)	–	(20,657,547)	–	–	–	(22,254,369)
Share based payment – charge for the year	–	–	–	105,515	–	–	–	–	105,515
Balance at 30 June 2013	**18,228,342**	**94,515,562**	**(6,754,874)**	**897,658**	**16,224,374**	**–**	**1,560,000**	**–**	**124,671,062**
Issue of shares	**71,605**	**276,954**	**–**	**–**	**–**	**–**	**–**	**–**	**348,559**
Share issue costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**1,071,988**	**–**	**(424,458)**	**–**	**–**	**–**	**647,530**
Dividends paid	**–**	**–**	**–**	**–**	**(14,683,712)**	**–**	**–**	**–**	**(14,683,712)**
Share based payment – charge for the year	**–**	**–**	**–**	**119,003**	**–**	**–**	**–**	**–**	**119,003**
Balance at 30 June 2014	**18,299,947**	**94,792,516**	**(5,682,886)**	**1,016,661**	**1,116,204**	**–**	**1,560,000**	**–**	**111,102,442**

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND COMPANY STATEMENTS OF CASHFLOWS

for the year ended 30 June 2014

	Notes	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Net cash generated from/(used in) operating activities	38	**22,170,353**	48,265,537	**(14,345,011)**	(757,723)
Investing activities					
Additions to property, plant and equipment and mineral rights	16	**(21,461,839)**	(27,566,533)	**(37,748)**	(12,542)
Net cash outflows from the acquisition of Evander Mines		**–**	(96,006,400)	**–**	–
Additions to other intangible assets	17	**(38,617)**	–	**(25,359)**	–
Investments acquired		**–**	–	**–**	(72,026,895)
Loans (to)/from subsidiaries		**–**	–	**(9,930,678)**	9,415,791
Proceeds on disposals of assets		**145,366**	10,555	**1,120**	–
Funding of the rehabilitation trust fund		**–**	359,172	**–**	–
Net cash used in investing activities		**(21,355,090)**	(123,203,206)	**(9,992,665)**	(62,623,646)
Financing activities					
Proceeds from borrowings	28	**22,955,725**	34,763,874	**–**	–
Borrowings repaid	28	**(22,431,453)**	(22,545,100)	**(233,386)**	–
Loans from subsidiaries		**–**	–	**21,551,160**	–
Shares issued	24	**348,559**	50,614,255	**348,559**	50,614,255
Share issue costs		**–**	(3,502,273)	**–**	(3,502,273)
Net cash from financing activities		**872,831**	59,330,756	**21,666,333**	47,111,982
Net (decrease)/increase in cash and cash equivalents		**1,688,094**	(15,606,913)	**(2,671,343)**	(16,269,387)
Cash and cash equivalents at the beginning of the year		**4,768,916**	19,782,179	**3,304,949**	17,812,893
Effect of foreign exchange rate changes		**(838,687)**	593,650	**1,169,939**	1,761,443
Cash and cash equivalents at the end of the year	23	**5,618,323**	4,768,916	**1,803,545**	3,304,949

NOTES TO THE CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

1 GENERAL INFORMATION

Pan African Resources is a company incorporated in England and Wales under the Companies Act 2006. The company has a dual primary listing on the AIM of the LSE and JSE. The nature of the group's operations and its principal activities relate to gold and PGE mining and exploration activities. The financial statements are presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below. The individual financial results of each group company are maintained in their functional currencies, which are determined by reference to the primary economic environment in which it operates.

For the purpose of the consolidated financial statements, the results and financial position of each group company is expressed in Pounds Sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the IFRS adopted by the EU and South Africa.

2 ACCOUNTING POLICIES

Basis of preparation and general information

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

Historic reverse acquisition

On 31 July 2007 the company acquired 74% of Barberton Mines 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 these financial statements. In addition, note 30 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit, foreign currency, commodity price, interest rate and liquidity risk.

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

New and revised IFRS's not yet adopted.

The group applies all applicable IFRS in preparation of the financial statements. Consequently, all IFRS statements adopted by the EU that were effective at 30 June 2014 and are relevant to its operations have been applied.

At the date of authorisation of these financial statements, the following standards and interpretations, which have been applied in these financial statements, for the first time, were in issue and effective as at 30 June 2014.

New and revised international financial reporting standards in issue but not yet effective

The company has not applied the following new and revised (or amended) International Financial Reporting Standards that have been issued but are not yet effective.

New and revised IFRS's		Effective Date
IFRS 1	**First-time Adoption of International Financial Reporting Standards** – Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	Annual periods beginning on or after 1 January 2013
IFRS 1	**First-time Adoption of International Financial Reporting Standards** – Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	Annual periods beginning on or after 1 January 2013
IFRS 7	**Financial Instruments: Disclosures** – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	Annual periods beginning on or after 1 January 2013
IFRS 9	**Financial Instruments**	Annual periods beginning on or after 1 January 2013
IFRS 10	**Consolidated Financial Statements**	Annual periods beginning on or after 1 January 2013
IFRS 10	**Consolidated Financial Statements** – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013
IFRS 11	**Joint Arrangements**	Annual periods beginning on or after 1 January 2013
IFRS 11	**Joint Arrangements** – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013

IFRS 12	**Disclosure of Interests in Other Entities**	Annual periods beginning on or after 1 January 2013
IFRS 12	**Disclosure of Interests in Other Entities** – Amendments to transitional guidance	Annual periods beginning on or after 1 January 2013
IFRS 13	**Fair Value Measurement**	Annual periods beginning on or after 1 January 2013
IAS 1	**Presentation of Financial Statements** – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (comparative information)	Annual periods beginning on or after 1 January 2013
IAS 16	**Property, Plant and Equipment** – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment)	Annual periods beginning on or after 1 January 2013
IAS 19	**Employee Benefits**	Annual periods beginning on or after 1 January 2013
IAS 27	**Separate Financial Statements**	Annual periods beginning on or after 1 January 2013
IAS 28	**Investments in Associates**	Annual periods beginning on or after 1 January 2013
IAS 32	**Financial Instruments: Presentation** – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions	Annual periods beginning on or after 1 January 2013
IAS 34	**Interim Financial Reporting** – Amendments resulting from Annual Improvements 2009 – 2011 Cycle (interim reporting of segment assets)	Annual periods beginning on or after 1 January 2013

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 and not yet effective as at 30 June 2014.

New and revised IFRS's		Effective date
IFRS 2	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (definition of 'vesting condition')	Annual periods beginning on or after 1 July 2014
IFRS 3	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (accounting for contingent consideration)	Annual periods beginning on or after 1 July 2014
IFRS 3	Amendments resulting from Annual Improvements 2011 – 2013 Cycle (scope exception for joint ventures)	Annual periods beginning on or after 1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	Annual periods beginning on or after 1 January 2015
IFRS 8	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (aggregation of segments, reconciliation of segment assets)	Annual periods beginning on or after 1 July 2014
IFRS 9	Original issue (classification and measurement of financial assets)	Contains no stated effective date and includes consequential amendments which remove the mandatory effective date of IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open but allowing each version of the standard to be available for application
IFRS 9	Accounting for financial liabilities and derecognition	Contains no stated effective date and includes consequential amendments which remove the mandatory effective date of IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open but allowing each version of the standard to be available for application
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	Contains no stated effective date and includes consequential amendments which remove the mandatory effective date of IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open but allowing each version of the standard to be available for application

IFRS 9	Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	Contains no stated effective date and includes consequential amendments which remove the mandatory effective date of IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open but allowing each version of the standard to be available for application
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	Effective for annual periods beginning on or after 1 January 2018
	Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.	
IFRS 10	Amendments for investment entities	Annual periods beginning on or after 1 January 2014
IFRS 11	Amendment requiring the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3	Annual periods beginning on or after 1 January 2016
IFRS 12	Amendments for investment entities	Annual periods beginning on or after 1 January 2014
IFRS 13	Amendments resulting from Annual Improvements 2011 – 2013 Cycle (scope of the portfolio exception in paragraph 52)	Annual periods beginning on or after 1 July 2014
IFRS 14	Original issue	Annual periods beginning on or after 1 January 2016
IFRS 15	Original issue	Annual periods beginning on or after 1 January 2017
IAS 16	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods beginning on or after 1 July 2014
IAS 16	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
IAS 16	Amendments to include 'bearer plants' within the scope of IAS 16 rather than IAS 41	Annual periods beginning on or after 1 January 2016
IAS 19	The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	Annual periods beginning on or after 1 July 2014
IAS 24	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (management entities)	Annual periods beginning on or after 1 July 2014
IAS 27	Amendments for investment entities	Annual periods beginning on or after 1 January 2014
IAS 27	Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	Annual periods beginning on or after 1 January 2016
IAS 28	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Annual periods beginning on or after 1 January 2016
IAS 32	Amendments to application guidance on the offsetting of financial assets and financial liabilities	Annual periods beginning on or after 1 January 2014
IAS 36	Amendments resulting from Recoverable Amount Disclosures	Annual periods beginning on or after 1 January 2014

IAS 38	Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods beginning on or after 1 July 2014
IAS 38	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 July 2016
IAS 39	Amendments for novations of derivatives	Annual periods beginning on or after 1 January 2014
IAS 40	Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	Annual periods beginning on or after 1 July 2014
IFRIC 21	Original issue	Annual periods beginning on or after 1 January 2014

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

Basis of consolidation

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

Business combinations

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

Goodwill arising on acquisitions is recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after 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.

Investment in associate

An associate is an entity over which the group and the company have significant influence and that is neither a subsidiary nor an interest in a joint venture.

In the company's separate financial statements, an investment in associate is stated at fair value less impairment losses, if any. An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at fair value and adjusted thereafter for the post acquisition change in the group's share of net assets of the investment.

Property, plant and equipment

Mining assets

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

Expenditure incurred after feasibility stage to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised within capital under construction until commercial levels of production are achieved. Capital under construction is not depreciated. All revenue generated during the commissioning phase is capitalised back to the property, plant and equipment as per IAS16.

Mineral and surface rights

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

Land
Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets.

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

Depreciation

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

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

Depreciation of non-mining assets

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

Research, development, mineral exploration and evaluation costs

Research, development, mineral exploration and evaluation costs are expensed in the year in which they are incurred until they result in projects that the group:

- Evaluate as being technically or commercially feasible;
- Has sufficient resources to complete development; and
- Can demonstrate will generate future economic benefits

Once these criteria are met, all directly attributable development costs and ongoing mineral exploration and evaluation costs are capitalised within other intangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure is assessed for impairment in accordance with the group accounting policy stated below.

Impairment (except for goodwill)

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

Goodwill

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

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

Taxation

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

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

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

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

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Provisions

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

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

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

Lease assets

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

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

Operating leases

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

Foreign currencies

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

Inventories

Inventories include the gold bullion on hand, PGE concentrate, gold or PGE in process and consumable stores.

Bullion on hand and PGE concentrate are valued at the lower of cost, determined on a weighted-average basis, and net realisable value. Costs include direct mining costs and mine overheads.

Gold or PGE in process inventories represent materials that are currently in the process of being converted to a saleable gold or PGE product. The gold or PGE in process inventories are valued only if they are reliably measurable and are valued at the average cost of the material fed to process plus the in-process conversion costs.

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

Retirement and pension benefits

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

Post-retirement benefits other than pension

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

Equity participation plan

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

Cash participation plan

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

Provision for environmental rehabilitation costs

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

Contributions to rehabilitation trust

Contributions are made to a dedicated environmental rehabilitation trust to fund the estimated cost of rehabilitation during and at the end of the life of the group's mines. The trust's assets are recognised separately on the Statement of Financial Position as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trust is accrued on a time proportion basis and credited to the provision for environmental rehabilitation costs.

Provision for decommissioning costs

The group provides for decommissioning 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 ownerships of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the group

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held-for-trading if:

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that 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 initially valued at fair value and subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

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

Derecognition of financial liabilities

The group derecognises financial liabilities only when the group's obligations are discharged, cancelled or 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 Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

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

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

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

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

Non-current assets held-for-sale
A non-current asset is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset, an active divestiture programme has been initiated, the non-current assets is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification. Non-current assets held-for-sale are stated at lower of carrying value and fair value less cost to sell and are reviewed for impairment at each subsequent reporting date.

At the time of classification as held-for-sale, these assets are reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset and its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are reassessed for possible impairment. A reversal of impairment is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised. No depreciation is provided on non-current assets from the date they are classified as held-for-sale.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Pan African Resources' executive committee. Management has determined the operating segments of the group based on the reports reviewed by the executive committee that are used to make strategic decisions. The executive committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of gold and 6PGEs.

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 (this includes the scope and timing of work required, the related costs and the discount rate used);
- Estimates made in determining the recoverable amount of assets, this includes the estimation of cash flows and the discount rates used (including future production levels, commodity price and costs);
- Estimates made in determining the life of the mines:
- The LOM 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; and
- Estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.
- Estimates of the recoverability of goodwill and intangible assets;
- Estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets;
- Estimates involved in feasibility studies related to exploration and growth projects and hence the recoverability of any related capital expenditure; and
- Estimates made in determining the fair values of assets and liabilities at acquisition in terms of IFRS 3 business combinations to recognise goodwill or gains on bargain purchases.

4 REVENUE

	Group		Company	
	Year ended 30 June 2014 £	Year ended 30 June 2013 £	Year ended 30 June 2014 £	Year ended 30 June 2013 £
Gold sales	**150,288,898**	129,277,438	**–**	–
Platinum sales	**4,262,160**	4,257,512	**–**	–
	154,551,058	133,534,950	**–**	–
Finance income	**687,185**	1,454,659	**168,877**	1,079,235
	155,238,243	134,989,609	**168,877**	1,079,235

5 COST OF PRODUCTION

Gold cost of production				
Salaries and wages	**(48,504,902)**	(33,352,148)	**–**	–
Mining	**(11,303,131)**	(10,020,621)	**–**	–
Processing	**(11,468,725)**	(4,460,161)	**–**	–
Engineering and technical services	**(8,921,246)**	(5,165,876)	**–**	–
Electricity	**(14,817,185)**	(8,993,056)	**–**	–
Security	**(2,339,247)**	(3,476,653)	**–**	–
Inventory valuation adjustment	**(358,291)**	–	**–**	–
Administration and other	**(5,386,383)**	(2,177,604)	**–**	–
	(103,099,110)	(67,646,119)	**–**	–
Platinum cost of production				
Salaries and wages	**(824,052)**	(973,776)	**–**	–
Mining	**(973,840)**	(655,780)	**–**	–
Other plant operation costs	**(1,127,674)**	(1,544,243)	**–**	–
Electricity	**(205,782)**	(219,661)	**–**	–
Refining costs	**(163,627)**	(141,586)	**–**	–
	(3,294,975)	(3,535,046)	**–**	–

ANNUAL FINANCIAL STATEMENTS

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 or segment, which is subject to risks and rewards that are different to those of other segments. The group's business activities were conducted through five business segments:

- Barberton Mines, located in Barberton South Africa, derives revenue from the sale of gold to a single customer, Rand Refinery Pty Ltd ("Rand Refinery").
- Evander Gold Mining Pty Ltd and Evander Gold Mines Ltd ("Collectively known as Evander Mines"), located in Evander South Africa, derive revenue from the sale of gold to a single customer, Rand Refinery.
- Phoenix Platinum, located in the North West province in South Africa, derives revenue from the sale of PGE concentrate to Western Platinum Ltd (a subsidiary of Lonmin PLC).
- Corporate office and growth projects, which includes Auroch investments, derives revenue from management fees resulting from providing management services and administration to other group companies. Management fee income is disclosed in other expenses (Refer to note 8).
- Pan African Resources Funding Company Pty Ltd, previously known as Firefly Investments 248 Pty Ltd ("Funding Company").

The EXCO reviews the operations in accordance with the disclosures presented below.

2014	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate office and growth projects £	Funding Company*** £	Group £
Revenue						
Gold sales**	89,520,058	60,768,840	–	–	–	150,288,898
Platinum sales	–	–	4,262,160	–	–	4,262,160
Realisation costs	(269,403)	(80,051)	–	–	–	(349,454)
On-mine revenue	89,250,655	60,688,789	4,262,160	–	–	154,201,604
Cost of production	(48,989,722)	(54,109,388)	(3,294,975)	–	–	(106,394,085)
Depreciation	(3,905,925)	(5,558,837)	(558,599)	–	–	(10,023,361)
Mining profit	36,355,008	1,020,564	408,586	–	–	37,784,158
Other expenses*	(1,704,438)	857,879	(20,576)	(566,710)	(16,008)	(1,449,853)
Bargain purchase	–	–	–	–	–	–
Loss from associate	–	–	–	(173,177)	–	(173,177)
Loss on disposal of asset held for sale	(11,848)	–	–	–	–	(11,848)
Impairment costs	–	–	–	–	–	–
Royalty costs	(2,185,136)	166,070	–	–	–	(2,019,066)
Net income/(loss) before finance income and finance costs	32,453,586	2,044,513	388,010	(739,887)	(16,008)	34,130,214
Finance income	173,405	344,903	–	168,877	–	687,185
Finance costs	(35,333)	(7,743)	–	(31)	(834,957)	(878,064)
Profit/(loss) before taxation	32,591,658	2,381,673	388,010	(571,041)	(850,965)	33,939,335
Taxation	(8,969,604)	1,828,847	(172,379)	145,372	13,022	(7,154,742)
Profit/(loss) after taxation	23,622,054	4,210,520	215,631	(425,669)	(837,943)	26,784,593

* *Other expenses exclude inter-company management fees and dividends.*
** *All gold sales were made in the Republic of South Africa and the majority of revenue (more than 90%) was generated from a single customer, Rand Refinery.*
*** *The Funding Company was established during the 2013 financial year with effect from 1 March 2013.*

2013	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate office and growth projects £	Funding Company*** £	Group £
Revenue						
Gold sales**	97,564,881	31,712,557	–	–	–	129,277,438
Platinum sales	–	–	4,257,512	–	–	4,257,512
Realisation costs	(179,270)	(47,468)	–	–	–	(226,738)
On-mine revenue	97,385,611	31,665,089	4,257,512	–	–	133,308,212
Cost of production	(47,739,505)	(19,906,614)	(3,535,046)	–	–	(71,181,165)
Depreciation	(3,000,640)	(2,056,566)	(941,061)	–	–	(5,998,267)
Mining profit	46,645,466	9,701,909	(218,595)	–	–	56,128,780
Other expenses*	(2,188,879)	(8,783)	(221,604)	(3,231,154)	(1,806)	(5,652,226)
Bargain purchase	–	24,114,255	–	–	–	24,114,255
Loss from associate	–	–	–	(152,312)	–	(152,312)
Loss on disposal of asset held for sale	–	–	–	(586,138)	–	(586,138)
Impairment costs	–	–	(2,495,480)	(13,648,124)	–	(16,143,604)
Royalty costs	(2,450,476)	(748,146)	–	–	–	(3,198,622)
Net income/(loss) before finance income and finance costs	42,006,111	33,059,235	(2,935,679)	(17,617,728)	(1,806)	54,510,133
Finance income	77,463	283,229	–	1,093,967	–	1,454,659
Finance costs	(107,810)	(296,888)	–	–	(852,998)	(1,257,696)
Profit/(loss) before taxation	41,975,764	33,045,576	(2,935,679)	(16,523,761)	(854,804)	54,707,096
Taxation	(11,408,506)	(962,917)	(24,863)	286,257	(23,034)	(12,133,063)
Profit/(loss) after taxation	30,567,258	32,082,659	(2,960,542)	(16,237,504)	(877,838)	42,574,033

* *Other expenses exclude inter-company management fees and dividends.*

** *All gold sales were made in the Republic of South Africa and the majority of revenue (more than 90%) was generated from a single customer, Rand Refinery.*

*** *The Funding Company was established during the 2013 financial year with effect from 1 March 2013.*

6 SEGMENTAL ANALYSIS *(continued)*

	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate office and growth projects £	Funding Company*** £	Group £
2014						
Segmental assets						
(Total assets excluding goodwill)	**57,519,959**	**152,476,424**	**12,427,761**	**3,482,325**	**28,631**	**225,935,100**
Segmental liabilities	**23,135,981**	**62,144,046**	**622,536**	**1,519,598**	**117,544**	**87,539,705**
Goodwill	**21,000,714**	**–**	**–**	**–**	**–**	**21,000,714**
Net assets (excluding goodwill)	**34,383,978**	**90,332,378**	**11,805,225**	**1,962,727**	**(88,913)**	**138,395,395**
Capital expenditure	**8,944,360**	**12,468,962**	**24,027**	**63,107**	**–**	**21,500,456**
2013						
Segmental assets						
(Total assets excluding goodwill)	63,530,231	172,971,365	13,897,511	4,867,060	11,178	255,277,345
Segmental liabilities	25,018,515	65,569,101	320,175	2,151,222	11,010,809	104,069,822
Goodwill	21,000,714	–	–	–	–	21,000,714
Net assets (excluding goodwill)	38,511,716	107,402,264	13,577,336	2,715,838	(10,999,631)	151,207,523
Capital expenditure	22,886,611	4,506,501	160,879	12,542	–	27,566,533

*** *The Funding Company was established during the 2013 financial year with effect from 1 March 2013.*

All assets are held within South Africa, with the exception of Auroch which is a company listed on the Australian Securities Exchange ("ASX"), with assets held in Mozambique. The segmental assets and liabilities above, exclude inter-company balances.

Capital expenditure comprises of additions to property plant and equipment and mineral rights and intangible assets (Refer to note 16 and 17).

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 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Not later than one year	**144,090**	109,462	**62,432**	92,191
Later than one year and no later than five years	**101,713**	96,609	**–**	73,210
	245,803	206,071	**62,432**	165,401
Minimum lease payments under operating leases recognised as an expense in the year:	**105,768**	124,554	**85,535**	83,222

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

Majority of the group's lease arrangements relate to the copier machines leased out at the mining operations. The only material operating lease relates to the Corporate office building, and has the following terms as at 30 June 2014.

Remaining lease term	9 months
Escalation rate	8%
Lessor	Finlay and associates
Monthly lease payments	7,128

8 OTHER EXPENSES

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Management fees	–	–	876,777	1,378,483
Foreign exchange gain/(loss)	71,678	79,861	2,958	(44,061)
Operating leases	(105,768)	(124,554)	(85,535)	(83,222)
Non-mining depreciation	(37,342)	(41,197)	(37,342)	(40,154)
Non-executive directors' emoluments	(146,004)	(223,376)	(146,004)	(223,376)
Executive directors' emoluments	(615,085)	(1,068,060)	(615,085)	(1,068,060)
Equity settled share option expense (Refer to note 34)	(122,936)	(127,053)	(119,003)	(105,515)
Cash settled share option expense (Refer to note 28)	(1,607,709)	(209,465)	(648,426)	(22,903)
Auditors' fees	(148,870)	(198,979)	(69,226)	(112,073)
Salaries head office	(1,180,277)	(2,310,305)	(1,180,277)	(2,310,305)
Investor and public relations	(126,899)	(249,245)	(126,899)	(249,245)
New business	(246,000)	(230,304)	(246,000)	(230,304)
Evander Mines transaction costs	–	(1,348,819)	–	(1,348,819)
Legal fees	(28,917)	(59,025)	(14,094)	(58,370)
Community projects	(1,125,628)	(1,462,907)	–	(310)
Profits arising from realised financial instruments (Refer to note 30)	2,310,426	1,589,595	2,310,426	1,589,595
Profit on disposal of assets	20,497	11,768	–	–
Other net income/(expense)	1,638,981	319,839	(467,769)	(300,709)
	(1,449,853)	(5,652,226)	(565,499)	(3,229,348)

9 FINANCE INCOME/(COSTS)

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Interest received – bank	272,388	1,184,443	168,877	1,079,235
Interest income – rehabilitation trust fund	414,797	270,216	–	–
	687,185	1,454,659	168,877	1,079,235
Interest expense – bank	(834,957)	(1,257,696)	(31)	–
Interest expense – SARS	(32,933)	–	–	–
Interest expense – other	(10,174)	–	–	–
	(878,064)	(1,257,696)	(31)	–
Net finance (costs)/income	(190,879)	196,963	168,846	1,079,235

ANNUAL FINANCIAL STATEMENTS

10 PROFIT BEFORE TAXATION

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Profit before taxation has been arrived at after charging:				
Management fee expense/(income)				
Shanduka Resources Services (Pty) Ltd (Refer to note 35)	**63,084**	76,203	**–**	–
Barberton Mines	**–**	–	**(509,478)**	(1,161,720)
Phoenix Platinum	**–**	–	**(29,621)**	(216,763)
Evander Mines	**–**	–	**(337,678)**	–
Equity settled share option expense (Refer to note 34)	**122,936**	127,053	**119,003**	105,515
Cash settled share options expense (Refer to note 28)	**1,607,709**	209,465	**648,426**	22,903
Mining depreciation	**10,023,361**	5,998,267	**–**	–
Impairment costs	**–**	16,143,604	**–**	18,058,860
Staff costs	**50,509,231**	36,636,229	**1,180,277**	2,310,305
Royalty costs	**2,019,066**	3,198,622	**–**	–
New business	**246,000**	230,304	**246,000**	230,304
Evander Mines transaction costs	**–**	1,348,819	**–**	1,348,819
Operating leases	**105,768**	124,554	**85,535**	83,222
Impairment costs				
Property, plant and equipment and mineral rights (Refer to note 16)	**–**	6,662,225	**–**	–
Phoenix Platinum inter-company investments (Refer to note 35)	**–**	–	**–**	8,327,781
Investment in Auroch (Refer to note 19)	**–**	9,481,379	**–**	9,731,079
	–	16,143,604	**–**	18,058,860

11 AUDITORS' REMUNERATION

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Fees payable to the company's auditors for the audit of the company's annual financial statements	**7,911**	9,000	**7,911**	9,000
Audit of the consolidated financial statements	**61,315**	68,973	**61,315**	68,973
Audit of the company's subsidiaries pursuant to legislation	**79,644**	83,611	**–**	–
Under provision of audit fee in the prior year	**–**	37,395	**–**	34,100
Total audit fees	**148,870**	198,979	**69,226**	112,073
Other services rendered by the auditors				
Tax advisory services	**–**	14,000	**–**	14,000
Corporate finance services	**–**	271,491	**–**	271,491
Other	**21,271**	–	**18,434**	–
Total non-audit fees	**21,271**	285,491	**18,434**	285,491

All audit fees were paid within South Africa with the exception of £42,000 (2013: £38,000) which was paid in the United Kingdom.

12 STAFF COSTS

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Their aggregate remuneration comprised:				
Salaries and wages	**45,761,629**	34,179,081	**1,067,424**	2,225,242
Other retirement costs (Refer to note 31)	**4,747,602**	2,457,148	**112,853**	85,063
	50,509,231	36,636,229	**1,180,277**	2,310,305
The average number of operating cost employees were:				
Corporate	**14**	14	**14**	14
Evander Mines	**2,424**	2,408	**–**	–
Phoenix Platinum	**4**	3	**–**	–
Barberton Mines	**1,690**	1,618	**–**	–
	4,132	4,043	**14**	14
Capital employees				
Barberton Mines	**189**	197	**–**	–
Evander Mines	**105**	105	**–**	–
	294	302	**–**	–
Total average number of employees	**4,426**	4,345	**14**	14

13 TAXATION

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Income tax expense				
South African normal taxation				
– current year	**8,649,810**	6,605,516	**8,064**	–
– prior year	**423,827**	48,535	**–**	–
Deferred taxation				
– current year	**(1,918,895)**	5,479,012	**(153,436)**	(289,876)
Total taxation charge	**7,154,742**	12,133,063	**(145,372)**	(289,876)
Profit before taxation	**33,939,335**	54,707,096	**(569,830)**	(20,947,423)
Taxation at the domestic taxation rate of 28%	**9,503,014**	15,317,987	**(159,552)**	(5,865,278)
(Exempt income)/non-deductible expenses	**(40,158)**	(2,211,489)	**133,113**	5,056,481
Under provision/(overprovision) – prior year	**21,399**	–	**(109,391)**	–
Taxation rate differential	**(2,289,169)**	(973,435)	**–**	–
Tax effect of utilisation of tax losses	**(40,344)**	–	**(9,542)**	518,921
Taxation expense for the year	**7,154,742**	12,133,063	**(145,372)**	(289,876)
Effective taxation rates	**%**	%	**%**	%
South African Statutory rate	**28.00**	28.00	**28.00**	28.00
Taxation rate differential	**(6.74)**	(1.78)	**–**	–
Non-deductible expenses/(exempt income)	**(0.12)**	(4.04)	**(23.36)**	(24.14)
Under provision/(overprovision) – prior year	**0.06**	–	**19.20**	–
Tax effect of utilisation of tax losses	**(0.12)**	–	**1.67**	(2.48)
Effective taxation rate	**21.08**	22.18	**25.51**	1.38

There are no significant unrecognised temporary differences associated with undistributed profits of overseas subsidiaries. South African income 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 these deductions 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. At year-end the group has the following unredeemed capital expenditure carried forward and deductible against future profits, held within Phoenix Platinum and Evander Mines (due to the expenditure on the ETRP.

	30 June 2014 £	30 June 2013 £
Phoenix Platinum	**6,889,777**	8,875,902
Evander Mines	**7,725,719**	–
	14,615,496	8,875,902

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 2014			30 June 2013		
	Net profit £	Weighted average number of shares	Earnings per share (Pence)	Net profit £	Weighted average number of shares	Earnings per share (Pence)
Basic earnings per share	**26,784,593**	**1,827,207,555**	**1.47**	42,574,033	1,619,756,902	2.63
Share options	**–**	**4,131,619**	**(0.01)**	–	6,176,989	(0.01)
Diluted earnings per share	**26,784,593**	**1,831,339,174**	**1.46**	42,574,033	1,625,933,891	2.62
Headline earnings per share						
Headline earnings per share is based on the group's headline earnings divided by the weighted average number of shares in issue during the year.						
Reconciliation between earnings and headline earnings from continuing operations:						
Earnings as reported	**26,784,593**	**1,827,207,555**	**1.47**	42,574,033	1,619,756,902	2.63
Adjustments:						
Impairment costs	**–**	**–**	**–**	16,143,604	–	0.99
Bargain purchase gain	**–**	**–**	**–**	(24,114,255)	–	(1.49)
Profit on sale of property, plant and equipment and mineral rights	**(20,497)**	**–**	**–**	–	–	–
Loss on disposal of asset held for sale	**11,848**	**–**	**–**	586,138	–	0.04
Headline earnings per share*	**26,775,944**	**1,827,207,555**	**1.47**	35,189,520	1,619,756,902	2.17
Share options	**–**	**4,131,619**	**(0.01)**	–	6,176,989	(0.01)
Diluted headline earnings per share	**26,775,944**	**1,831,339,174**	**1.46**	35,189,520	1,625,933,891	2.16

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

14 EARNINGS PER SHARE *(continued)*

	Group (Pence) 30 June 2014	Group (Pence) 30 June 2013
Net asset value per share	**8.71**	9.45
Tangible net asset value per share*	**3.93**	3.77

* *(Total assets less goodwill, non-current assets held for sale ,non-current liabilities, current liabilities and mineral rights and mining property).*

15 DIVIDENDS

Historically, the board has recommended an annual dividend to shareholders, for approval at the AGM. The board recognises that where possible, shareholders require a cash return on their investment. Pan African Resources has now revised and further clarified its dividend policy, going forward the company will pay a progressive annual ZAR dividend. Any dividend recommendation and payment, however, will still be dependent on prevailing gold prices and other external factors, as well as the performance of and outlook for the group.

The group paid a dividend of ZAR240.3 million (GBP14.7 million) for the 2013 year, equating to ZAR0.1314 per share (0.80p per share).

The board of directors has proposed a dividend of approximately ZAR258.0 million (GBP14.5 million1) for the 2014 financial year, equating to ZAR0.1410 per share (0.7898p per share1), resulting in a dividend cover of 1.8 times.

Note 1: The GBP proposed dividend was calculated based on an exchange rate of ZAR17.85:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed dividend is approximately 0.7898p.

16 PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

	Land[1] £	Mineral rights and mining property[6] £	Building and infra-structure £	Plant and machinery £	Capital under construc-tion £	Shafts and exploration £	Surface tailings acquired £	Other £	Total £
GROUP									
Balance at 30 June 2012	188,699	18,554,630	1,938,760	16,522,976	14,653,365	30,725,266	–	290,406	82,874,102
Arising from the acquisition of Evander Mines (Refer to note 39)	2,472,770	83,465,070	16,223,711	41,574,902	17,577,384	–	–	–	161,313,837
Reclassification of software costs to other intangible assets	–	–	–	(715,792)	–	–	–	–	(715,792)
Transfer from assets under construction[3]	–	–	–	10,739,524	(10,739,524)	–	–	–	–
Additions	–	–	765,513	4,322,776	19,014,400	3,451,302	–	12,542	27,566,533
Disposal	–	–	–	(5,780)	–	–	–	–	(5,780)
Foreign currency translation reserve	(296,288)	(12,452,533)	(2,101,467)	(7,896,994)	(4,581,738)	(4,560,735)	–	(93,620)	(31,983,375)
Balance at 30 June 2013	**2,365,181**	**89,567,167**	**16,826,517**	**64,541,612**	**35,923,887**	**29,615,833**	**–**	**209,328**	**239,049,525**
Transfer from assets under construction	**–**	**–**	**11,244,560**	**9,246,059**	**(20,450,444)**	**(40,175)**	**–**	**–**	**–**
Additions	**–**	**–**	**4,368,427**	**6,288,165**	**7,552,843**	**3,214,656**	**–**	**37,748**	**21,461,839**
Disposal	**(1,315)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,598)**	**(2,913)**
Reclassification to surface tailings acquired[5]	**–**	**(555,247)**	**–**	**–**	**–**	**–**	**555,247**	**–**	**–**
Foreign currency translation reserve	**(393,896)**	**(14,919,573)**	**(3,782,467)**	**(11,725,625)**	**(5,174,758)**	**(5,132,407)**	**–**	**(37,137)**	**(41,165,863)**
Balance at 30 June 2014	**1,969,970**	**74,092,347**	**28,657,037**	**68,350,211**	**17,851,528**	**27,657,907**	**555,247**	**208,341**	**219,342,588**

ANNUAL FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS *(continued)*

	Land[1] £	Mineral rights and mining property[6] £	Building and infra-structure £	Plant and machinery £	Capital under construc-tion £	Shafts and exploration £	Surface tailings acquired £	Other £	Total £
GROUP									
Accumulated depreciation									
Balance at 30 June 2012	–	(2,979,847)	(839,880)	(6,699,888)	–	(9,848,643)	–	(94,189)	(20,462,447)
Reclassification of software costs to other intangible assets	–	–	–	174,105	–	–	–	–	174,105
Charge for the year[2]	–	(1,004,630)	(441,816)	(3,147,399)	(18,761)	(1,249,508)	–	(41,197)	(5,903,311)
Impairment[4]	–	(4,166,745)	–	(2,495,480)	–	–	–	–	(6,662,225)
Foreign currency translation reserve	–	494,536	151,754	1,148,749	1,462	1,473,432	–	24,097	3,294,030
Balance at 30 June 2013	–	(7,656,686)	(1,129,942)	(11,019,913)	(17,299)	(9,624,719)	–	(111,289)	(29,559,848)
Charge for the year[2]	–	(1,466,161)	(2,196,230)	(5,090,610)	(170,136)	(987,036)	–	(37,826)	(9,947,999)
Disposal	–	–	–	–	–	–	–	480	480
Foreign currency translation reserve	–	1,367,397	326,017	2,155,032	6,262	1,665,158	–	20,881	5,540,747
Balance at 30 June 2014	**–**	**(7,755,450)**	**(3,000,155)**	**(13,955,491)**	**(181,173)**	**(8,946,597)**	**–**	**(127,754)**	**(33,966,620)**
Carrying amount									
At 30 June 2013	2,365,181	81,910,481	15,696,575	53,521,699	35,906,588	19,991,114	–	98,039	209,489,677
At 30 June 2014	1,969,970	66,336,897	25,656,882	54,394,720	17,670,355	18,711,310	555,247	80,587	185,375,968
COMPANY									
Cost									
Balance at 30 June 2012	–	–	–	–	–	–	–	210,294	210,294
Additions	–	–	–	–	–	–	–	12,542	12,542
Foreign currency translation reserve	–	–	–	–	–	–	–	(28,331)	(28,331)
Balance at 30 June 2013	**–**	**–**	**–**	**–**		**–**	**–**	**194,505**	**194,505**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**37,748**	**37,748**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,599)**	**(1,599)**
Foreign currency translation reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(34,668)**	**(34,668)**
Balance at 30 June 2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**195,986**	**195,986**
COMPANY									
Accumulated depreciation									
Balance at 30 June 2012	–	–	–	–		–	–	(84,085)	(84,085)
Charge for the year	–	–	–	–	–	–	–	(40,154)	(40,154)
Foreign currency translation reserve	–	–	–	–	–	–	–	14,875	14,875
Balance at 30 June 2013	**–**	**–**	**–**	**–**		**–**	**–**	**(109,364)**	**(109,364)**
Charge for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(36,638)**	**(36,638)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**480**	**480**
Foreign currency translation reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20,486**	**20,486**
Balance at 30 June 2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(125,036)**	**(125,036)**
Carrying amount									
At 30 June 2013	–	–	–	–	–	–	–	85,141	85,141
At 30 June 2014	–	–	–	–	–	–	–	70,950	70,950

[1] *Details of land is maintained in a register held at the offices of Barberton Mines and Evander 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.*

[2] *A total depreciation charge of £10,023,361 has been recognised in the statement of comprehensive income (2013: £5,998,267). This includes direct mining depreciation of £9,911,361 (2013: £5,862,114) and a depreciation charge relating to intangible assets of £112,000 (2013: £136,153) as disclosed in note 17, excluding company depreciation charge. Other non-mining depreciation of £37,342 (2013: £41,197), is disclosed in the other (expenses)/income in note 8.*

[3] *Capitalisation of Phoenix Platinum on 1 July 2012 due to reaching steady state production.*

[4] *In the prior year, the group recorded an impairment charge of £6,662,225 in respect of Phoenix Platinum due to falling commodity prices and operational difficulties experienced. The impairment was based on its estimated fair value (less disposal costs), using a post tax real discount rate of 16.25% applied to estimated post tax cash flows.*

[5] *In the prior year the group purchased tailings for the BTRP for future processing, and originally classified the tailings as mineral rights and mineral property. The group has subsequently re-classified the tailings to surface tailings acquired which more appropriately discloses its nature and purpose.*

[6] *Included within this category are £60.4 million exploration assets (Evander South. Rolspruit, E8, Poplar and Mini-Libra) arising from the acquisition of Evander Mines for which the technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable.*

17 OTHER INTANGIBLE ASSETS

	Group		Company	
	£	£	£	£
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Software costs				
Balance at the beginning of the period	**340,484**	–	**–**	–
Reclassification of software costs from property plant and equipment and mineral rights, (Refer to note 16)	**–**	541,687	**–**	–
Additions	**38,617**	–	**25,359**	–
Current year amortisation	**(112,704)**	(136,153)	**(704)**	–
Foreign currency translation reserve	**(52,067)**	(65,050)	**(1,547)**	–
Balance at the end of the period	**214,330**	340,484	**23,108**	–

18 GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGU's") that are expected to benefit from that business combination. All the group's goodwill has been allocated to Barberton Mines CGU.

	Group 30 June 2014	Group 30 June 2013	Company 30 June 2014	Company 30 June 2013
Opening and closing balance	**21,000,714**	21,000,714	**–**	–

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

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates the discount rate using post-tax rate of 9.00% (2013: 11.00%) for Barberton Mines, which reflect the current market assessments of the time value of money and the risks specific to the CGU to the extent not already reflected in the cash flows being discounted, an average gold price of R440,000/kg ($1,294/oz) (2013: R400,000/kg ($1261/oz))over the life of projects. The life of mine was estimated at 19 years (2013: 17 years) for Barberton Mines at the end of the financial year. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

19 INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATE

At 30 June 2014 the company and group held the following shares in subsidiaries and associate:

Name of company	Country of incorporation	Principal activity	Proportion of capital effectively held by company	Group Carrying Amount 30 June 2014 £	Group Carrying Amount 30 June 2013 £	Company Carrying Amount 30 June 2014 £	Company Carrying Amount 30 June 2013 £
Barberton Mines	South Africa	Mining	100%	–	–	**45,770,663**	45,770,663
Phoenix Platinum	South Africa	Mining	100%	–	–	**4,209,696**	4,209,696
Auroch Minerals NL[5]	Australia	Exploration	42%	**1,009,429**	1,182,606	**1,009,429**	1,182,606
Funding company[1]	South Africa	Finance	100%	–	–	**263**	263
Emerald Panther Investments 91 Proprietary Limited ("Emerald Panther")[2]	South Africa	Holding company	100%	–	–	**72,026,632**	72,026,632
Pan African Resources Management Services Company Proprietary Limited[4] (at ZAR 1 investment)	South Africa	Management services and administration	100%	–	–	–	–
Other Investments				**116**	16,465	–	–
				1,009,545	1,199,071	**123,016,683**	123,189,860

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Investments reconciliation:				
Opening balance	**1,199,071**	–	**123,189,860**	50,101,244
Issue of share in Auroch Minerals NL ("Auroch")	–	4,501,947	–	4,501,947
Loss in associate	**(173,177)**	(152,312)	**(173,177)**	(152,312)
Impairment of Investment in Auroch Minerals NL[3]	–	(3,167,029)	–	(3,167,029)
Impairment in Phoenix Platinum	–	–	–	(120,885)
Issue of shares in Emerald Panther Investments 91 (Pty) Ltd ("Emerald Panther")/Evander Mines	–	–	–	72,026,632
Issue of shares in Funding Company	–	–	–	263
Fair value adjustment	**(16,349)**	–	–	–
Other investments	–	16,465	–	–
Closing balance	**1,009,545**	1,199,071	**123,016,683**	123,189,860

[1] *Funding Company was established for the purpose of providing funding for the groups activities.*

[2] *Emerald Panther is a company acquired to facilitate the acquisition of Evander Mines from Harmony Gold Mining Company Limited, and therefore holds the investment in Evander Mines. Emerald Panther holds 100% of Evander Gold Mines Ltd and Evander Gold Mining Pty Ltd, which are both incorporated in South Africa, and operate in mining.*

[3] *During the prior year the group disposed of its investment in the Manica exploration project to Auroch. The consideration partly comprised a 42% shareholding in Auroch which was recorded at fair value at the date of acquisition, and has been subsequently treated as an investment in associate. The transaction triggered a loss on disposal of £586,138. At 30 June 2013 the group re-measured the recoverability of both its 42% shareholding and the deferred consideration and, due to a significant fall in the gold price in the prior year and related challenges in the mining and operating environment, recorded a £3.2 million impairment against the carrying value of its direct shareholding (based on Auroch's prior year-end share price, being the best estimate of its fair value)and also fully impaired the £7,024,203 deferred consideration. The resulting total impairment charge was £9,481,379.*

[4] *Pan African Resources Management Services Company Pty Ltd previously known as Clidet 790 Pty Ltd, was acquired within the group. Ordinary shares previously held by Evander Gold Mines Ltd where transferred to Pan African Resources PLC. This company was acquired to function as a management and other services provider and administrator to the group.*

[5] *Pursuant to a share sale and purchase greement, dated 27 August 2012, relating to the sale of Manica Gold Projects, certain terms were amended between the contract parties and as a result the company made a decision to sell its investment in Auroch Minerals (42% shareholding) for a total consideration of AUD 2,000,000. The following proceeds have been received during the year:*

	AUD	ZAR
Proceed received on 5 December 2013	150,000	1,400,560
Proceeds received on 6 March 2014	**100,000**	**940,430**
Proceeds received on 3 April 2014	**100,000**	**952,270**
	350,000	3,293,260

The contract parties concluded that the consideration of AUD 350,000 already received will constitute an option fee income to Pan African Resources PLC and shall in no circumstances be refundable. Therefore these proceeds were recognised on the statement of comprehensive income.

At year-end, the investment in Auroch is still recognised as an investment in an associate, due to uncertainty of the amended terms being fulfilled. Therefore the investment in Auroch will be reported as such until the terms of the sales agreement have been fulfilled.

The remainder of the total consideration is scheduled to be received according to the following time frame:

	AUD
No later than 30 June 2014 (received on 03 July 2014)	150,000
No later than 30 September 2014	50,000
No Later than 30 September 2015	1,450,000

20 REHABILITATION TRUST FUND

	Barberton Mines £	Evander Mines £	Total £
Funds held in trust fund (refer to note 27)			
Opening balance as at 30 June 2012	2,662,934	–	2,662,934
Arising from the acquisition of Evander Mines (Refer to note 39)	–	16,282,652	16,282,652
Appreciation earned on the rehabilitation fund	123,839	68,676	192,515
Foreign currency translation reserve	(381,611)	(1,782,777)	(2,164,388)
Closing balance as at 30 June 2013	2,405,162	14,568,551	16,973,713
Appreciation earned on the rehabilitation fund	109,193	305,604	414,797
Fair value adjustment	–	923,188	923,188
Foreign currency translation reserve	(407,489)	(2,445,918)	(2,853,407)
Closing balance as at 30 June 2014	**2,106,866**	**13,351,425**	**15,458,291**

The funds available from contributions are held within Pan African Resources Group Rehabilitation Trust.

The amounts are invested in a number of instruments, including interest-bearing short-term investments or medium-term equity linked notes issued by commercial banks.

The Evander Mines rehabilitation trust fund is currently under transfer from Harmony.

Refer to note 27 for the associated rehabilitation provision disclosure.

21 INVENTORIES

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Consumable stores	**2,590,889**	4,564,282	**–**	–
Mineral stocks	**2,066,648**	2,276,532	**–**	–
Gold inventory	**801,828**	–	**–**	–
Provision for obsolete stock	**(118,237)**	(245,074)	**–**	–
	5,341,128	6,595,740	**–**	–

22 TRADE AND OTHER RECEIVABLES

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Trade receivables	**8,181,293**	10,812,937	**–**	1,194,826
Other receivables and prepayments	**1,100,114**	1,082,911	**60,426**	26,617
VAT receivable	**2,414,973**	2,008,568	**–**	–
	11,696,380	13,904,416	**60,426**	1,221,443

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 £35,578 (2013: £36,051) relating to other receivables, estimated by the group's management based on the current economic environment and individual debtor circumstances. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the group's credit policy. Rand Refinery is the one major customer that represents more than 5% of the trade receivables balance for the individual gold mining subsidiaries (Barberton Mines and Evander Mines), and Western Platinum Ltd (Subsidiary of Lonmin PLC)is the one major customer that represents more than 5% of the trade receivables balance of Phoenix Platinum.

The average credit period is:

	Group 30 June 2014	Group 30 June 2013
Number of days	**22**	30

The ageing of trade receivables decreased due to improved cash collection initiatives, especially from Evander Mines. Although overall debtors days improved from the prior year, Phoenix Platinum reported trade receivables of £2.3 million (2013: £1.9 million) at year-end. This is due to five months PGE production from Phoenix Platinum which was delivered to Western Platinum Ltd (Subsidiary of Lonmin PLC) prior to year-end, however payment for these deliveries will only be realised in the 2015 financial year, as a result of the platinum sector strike delaying the processing of concentrates by Lonmin.

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 creditworthy customers and large institutions within South Africa.

The fair value of trade receivables is not materially different from the carrying value presented. Receivables have been pledged as security, in terms of the Revolving credit facility.

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 2014 £	30 June 2013 £	30 June 2014 £	30 June 2013 £
Cash and cash equivalents	**5,618,323**	4,768,916	**1,803,545**	3,304,949
CREDIT FACILITIES				
The group has the following credit facilities:				
Nedbank Limited revolving credit facility*	**16,657,413**	19,986,676	**–**	–
Rand Merchant bank*	**6,940,589**	–	**–**	–
ABSA Bank Limited revolving credit facility*	**9,716,824**	19,986,676	**–**	–
ABSA Bank Limited overdraft facility (held at Barberton Mines)*	**999,445**	1,199,201	**–**	–
ABSA Bank Limited credit card facilities	**83,287**	99,933	**55,525**	66,622
Guarantee**	**2,142,250**	2,570,414	**–**	–
USD trading facility***	**5,274,847**	6,329,114	**–**	–
	41,814,655	50,172,014	**55,525**	66,622

* *The group has secured a five year revolving credit facility with Nedbank Limited, ABSA Bank Ltd and Rand Merchant Bank (Refer to Note 28). The facility carries an interest rate of the monthly JIBAR rate plus 2.8% margin, and is secured against Barberton Mines, Evander Mines and Phoenix Platinum's property plant and equipment. The revolving credit facility was utilised during the current year, however at year-end, there were no outstanding amounts payable in relation to the facility. The ABSA Limited overdraft facility at Barberton Mines remains unsecured and unutilised at year-end. The Barberton Mines overdraft facility attracts interest at prime in South Africa.*

** *The guarantees relate to £1,365,525 (2013: £1,638,448) for Eskom (electricity utility) and £776,725 (2013: £931,966) for the DMR.*

*** *The USD trading facility relates to trading facilities held by Barberton Mines for the purposes of trading USD for ZAR Rand on USD gold sales.*

24 SHARE CAPITAL

	Group		Company	
	30 June 2014 £	30 June 2013 £	30 June 2014 £	30 June 2013 £
2,000,000,000 (2013: 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 1,829,994,763 (2013: 1,822,834,263) ordinary shares of £0.01 each	**18,299,947**	18,228,342	**18,299,947**	18,228,342

The following cash issue of shares were made during the year:
During the year under review the following share issues occurred:

- On 09 September 2013 3,000,000 shares issued at 5 pence per share, in relation to share options exercised.
- On 16 October 2013 2,063,000 shares were issued in relation to share options exercised follows;

  1,213,000 shares issued at 5 pence per share,

  850,000 shares issued at 4 pence per share,
- On 10 February 2014 282,500 shares were issued at 4 pence per share, in relation to share options exercised.
- On 20 February 2014 965,000 shares were issued at 4 pence per share, in relation to share options exercised.
- On 05 June 2014 850,000 shares were issued at 4 pence per share in relation to share options exercised.

Current number of equity settled share options outstanding at 30 June 2014 is 2,622,000 (2013: 9,782,600), excluding the new issue of equity options disclosed in note 34.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	30 June 2014 £	30 June 2013 £	30 June 2014 £	30 June 2013 £
Trade and other payables	**9,962,167**	11,514,399	**–**	–
Accruals and other payables	**7,231,053**	10,671,829	**777,079**	743,051
VAT payable	**26,529**	189,708	**26,528**	189,708
Other	**–**	826,116	**–**	826,116
Total trade and other payables	**17,219,749**	23,202,052	**803,607**	1,758,875
The average credit period is:				
Number of days	**37**	59		

On the acquisition of the Evander Mines from Harmony, trade payables were effectively paid a month later due to settlement of obligations on behalf the Evander Mines by Harmony. Evander Mines took over the settlement of its trading obligation before year-end, resulting in the decrease of creditors days at year-end.

The fair value of trade payables is not materially different from the carrying value presented.

26 CURRENT TAX

	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Current tax asset	**854,568**	1,479,339	**147,911**	–
Current tax liability	**2,037,092**	–	**–**	–

Current taxes payable and receivable by the group relate to the South African Revenue Service ("SARS").

27 LONG-TERM PROVISIONS

	Group		Company	
	£	Total £	£	Total £
Balance at 30 June 2012	**3,043,954**	3,043,954	**–**	–
Provision arising from acquisition of Evander Mines (Refer to note 39)	**13,325,862**	13,325,862	**–**	–
Provided during the year	**359,172**	359,172	**–**	–
Foreign currency translation reserve	**(1,907,836)**	(1,907,836)	**–**	–
Balance at 30 June 2013	**14,821,152**	14,821,152	**–**	–
Provided during the year	**(340,530)**	(340,530)	**–**	–
Foreign currency translation reserve	**(2,447,455)**	(2,447,455)	**–**	–
Balance at 30 June 2014	**12,033,167**	12,033,167	**–**	–

Rehabilitation provision

The provision includes the estimate of the costs of decommissioning and the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control. Estimates are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by South African laws and regulations. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to decommission and rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the following life of mine and rates:

	30 June 2014	30 June 2013
Life of mine		
Barberton Mines	**19**	17
Evander Mines	**17**	14
Phoenix	**28**	20
Risk free rate	**8.31%**	7.89%

28 LONG-TERM LIABILITIES

	Group		Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	£	£	£	£
Cash Settled Share Options*				
Opening balance	879,254	797,513	390,681	429,565
Expense for the year	1,607,709	209,465	648,426	22,903
Payments during the year	(701,871)	–	(233,386)	–
Transfer to current portion	(1,136,372)	–	(560,882)	–
Foreign currency translation reserve	(205,169)	(127,724)	(91,118)	(61,787)
Closing balance	443,551	879,254	153,721	390,681
Post-retirement benefits				
Opening balance	108,781	71,368	–	–
Arising from the acquisition of Evander Mines (refer to note 39)	–	65,434	–	–
Utilised for the year	184	(11,832)	–	–
Foreign currency translation reserve	(18,133)	(16,189)	–	–
Closing balance	90,832	108,781	–	–
Revolving credit facilities				
Opening balance	10,144,925	–	–	–
Drawdowns	11,719,076	34,763,874	–	–
Finance costs incurred*	713,395	852,998	–	–
Repayments of capital	(21,729,582)	(22,545,100)	–	–
Repayments of finance costs	(724,899)	(834,241)	–	–
Transfer to current portion	–	(864,218)	–	–
Foreign currency translation reserve	(122,915)	(1,228,388)	–	–
Closing balance	–	10,144,925	–	–
* *Finance costs incurred exclude £121,562 (2013: nil), relating to commitment fees accrued but not paid at year-end. However these commitment fees are included in the statement of comprehensive income as finance costs.*				
Gold loan				
Opening balance	–	–	–	–
Gold loan receipts	11,236,649	–	–	–
Fair value adjustment	128,484	–	–	–
Transfer to current portion	(3,618,431)	–	–	–
Foreign currency translation reserve	(139,768)	–	–	–
Closing balance	7,606,934	–	–	–
Total	8,141,317	11,132,960	153,721	390,681
The gold loan has been designated as an instrument to be measured at fair value through profit and loss. Gains or losses on re-measurement to fair value at each reporting period will be reflected in the statement of comprehensive income.				
Current and non-current portions of long-term liabilities				
Current portion	4,754,803	864,218	560,882	–
Non-current portion – capital to be paid on maturity	8,141,317	14,839,707	153,721	–
	12,896,120	15,703,925	714,603	–

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2014

28 LONG-TERM LIABILITIES *(continued)*

Terms of the revolving credit facilities

Interest rate:	Jibar (Quoted at 5.73% at year-end)
Interest rate margin:	2.8%
Term of loan:	5 years from 7 March 2013
Repayment period:	Full repayment of the outstanding at the end of 5 years.
Final repayment date:	7 March 2018
Financial covenant limits:	The ratio of the net debt to equity must be less than 1:1 (measured on a semi annual basis). The interest cover ratio (Refer to note 30) must be greater than four times (measured on a semi annual basis). The ratio of Net Debt to EBITDA (Refer to note 30), as defined in the agreement, must be less than 2.5:1 (measured on a semi annual basis).

Bonds as security for revolving credit facilities:

The following bonds were entered into by the group:

Continuing covering mortgage bond B1534/2013 – Barberton Mines/Bowwood and Main No. 40 Pty Ltd.

Continuing covering mortgage bond B1740/2013 – Evander Mines/Bowwood and Main No. 40 Pty Ltd.

Special notarial bond BN6785/2013 – Barberton Mines/Bowwood and Main No. 40 Pty Ltd.

Special notarial bond BN6912/2013 – Evander Mines/Bowwood and Main No. 40 Pty Ltd.

General notarial bond BN7075/2013 – Barberton Mines/Bowwood and Main No. 40 Pty Ltd.

General notarial bond BN6592/2013 – Evander Mines/Bowwood and Main No. 40 Pty Ltd.

Ceded Rights as security for the revolving credit facility

Bank accounts

Debts*

Insurance**

Insurance proceeds

The above listed rights are ceded whether actual, prospective or contingent, direct or indirect, whether a claim to payment of money or to the performance of any other obligation, and whether or not the said rights and interest were within the contemplation of the parties at signature date.

* *All claims which the cedent has or may in future have in respect of agreements entered into or to be entered into by the cedent pursuant to which goods and/or services are provided (or to be provided) to or by the cedent, including but not limited to book debts against trade debtors from time to time.*

** *All contracts and policies of insurance and re-insurance of any kind which are effected and maintained by or on behalf of the cedent.*

Terms of the gold loan

During the current financial year, in May 2014, a gold loan transaction of ZAR 200 million was entered into with ABSA Bank Ltd as a counterparty. The purpose of this gold loan was to provide funds for the ETRP that is under construction at Evander Mines. The gold loan will be repaid quarterly in gold ounces produced from the Evander Mines operation from July 2014 to October 2017. Refer to terms below.

Effective delivery price per ounce:	ZAR 12,694
Effective delivery price per kg:	ZAR 408,129
Repayment period:	3.5 years
Final repayment date:	31 October 2017
Spread over Swap Zero Curve (year-end valuation)	6.45%
Average discount rate (nominal)	13.04%

Financial covenant limits:	The ratio of the net debt to equity must be less than 1:1 (measured on a semi-annual basis). The interest cover ratio (Refer to note 30) must be greater than four times (measured on a semi annual basis). The ratio of Net Debt to Adjusted EBITDA (Refer to note 30), as defined in the agreement, must be less than 2.5:1 (measured on a semi annual basis).
Security of gold loan	Security of the gold loan is included in the revolving credit facility security package.

Gold loan repayment schedule

Delivery date	Ounces delivered
31 July 2014	1,207.36
31 October 2014	1,200.12
31 January 2015	1,182.01
30 April 2015	1,164.73
31 July 2015	1,160.83
31 October 2015	1,143.97
29 January 2016	1,131.29
29 April 2016	1,118.62
29 July 2016	1,105.94
31 October 2016	1,093.96
31 January 2017	1,081.14
28 April 2017	1,067.07
31 July 2017	1,055.50
31 October 2017	1,042.69
	15,755.23

GROUP CASH-SETTLED SHARE OPTIONS

On 9 May 2011, the company established a cash settled share appreciation right programme entitling selected executives and employees of the group, as approved by the board of directors and the remuneration committee of the company, to be allocated notional shares in the group. These notional shares confers the conditional right on the participant to be paid a cash settlement equal to the appreciation in the company share price from the date of allocation to the date of surrender or deemed surrender of notional shares. Participation in the share appreciation program is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.

The share appreciation settlement is determined no later than the sixth anniversary of the date that the notional shares are allocated. However the participant can elect, subject to approval by the Companies Remuneration Committee, to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement is regarded as remuneration for income tax purposes and thus subject to the deduction of Pay As You Earn ("PAYE") and all other taxes and contributions via the payroll of the company or the relevant subsidiary. These taxes are for the account of the participant.

28 LONG-TERM LIABILITIES *(continued)*

No share appreciation rights settlements can be made until after the period, calculated from the date the notional shares were allocated, of:

- two years has elapsed, in which event not more than 25% of the total number of notional shares allocated can be surrendered;
- three years has elapsed, in which event not more than 50% of the total number of notional shares allocated can be surrendered;
- four years has elapsed, in which event all of the notional shares allocated can be surrendered; and
- or any lesser amount of notional shares may be surrendered. Notional shares which a participant is entitled to surrender are referred to as "surrenderable notional shares".

Remco may, by resolution, amend and postpone any of these vesting periods, with the consent of the participant concerned.

The participant is entitled, within a period of 60 days after the date of resignation, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation bonus in respect thereof. If the participant is subject to retirement (including early retirement approved by the company after the age of 55 in terms of company policy), retrenchment, death or permanent disability, the participant or the participants estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

Details of the share options outstanding during the year, in relation to this scheme, are as follows:

Group cash settled share options

	30 June 2014 Weighted average exercise price (Rands)	Number of options	30 June 2013 Weighted average exercise price (Rands)	Number of options
Outstanding at 1 July	**1.74**	**52,355,077**	1.15	31,863,103
Granted during the year	**2.24**	**12,742,142**	2.18	29,869,622
Exercised during the year	**1.15**	**(8,195,411)**	1.15	(967,500)
Forfeited in the year	**2.11**	**(3,625,828)**	1.15	(8,410,148)
Outstanding and exercisable at 30 June	**1.92**	**53,275,980**	1.74	52,355,077

Cash settled share options are valued annually at fair value.

These fair values were calculated using the Binomial pricing model. The inputs in the model were as follows:

	30 June 2014	30 June 2013
Weighted average share price	**2.58**	2.10
Weighted average exercise/strike price	**2.16**	2.13
Expected volatility	**30.00%**	45.00%
Expected Life	**3 – 6 years**	3 – 4 years
Risk free rate	**7.13 – 7.79%**	7.00 – 7.54%
Expected dividend yield	**4.00%**	3.50%

The group recognised total expenses of £1,738,093 (2013: £209,465) relating to cash-settled share based payments transactions during the year.

Vesting Schedule 2014

Description	Grant date	Vesting period (years)	Vesting period (days)	Vesting date	Valuation (ZAR)	Options granted	Options expected to vest
Tranche 1	11 May 2011	2	731	11 May 2013	1.44	3,572,511	3,572,511
Tranche 2	11 May 2011	3	1,096	11 May 2014	1.44	3,572,511	3,572,511
Tranche 3	11 May 2011	4	1,461	11 May 2015	1.44	7,145,022	7,145,022
Tranche 1	1 March 2013	2	731	1 March 2015	0.78	1,604,717	1,604,717
Tranche 2	1 March 2013	3	1,096	1 March 2016	0.78	1,604,717	1,604,717
Tranche 3	1 March 2013	4	1,461	1 March 2017	0.78	3,209,434	3,209,434
Tranche 1	1 April 2013	2	731	1 April 2015	0.86	3,275,055	3,275,055
Tranche 2	1 April 2013	3	1,096	1 April 2016	0.86	3,275,055	3,275,055
Tranche 3	1 April 2013	4	1,461	1 April 2017	0.86	6,550,110	6,550,110
Tranche 1	1 May 2013	2	731	1 May 2015	0.97	871,859	871,859
Tranche 2	1 May 2013	3	1,096	1 May 2016	0.97	871,859	871,859
Tranche 3	1 May 2013	4	1,461	1 May 2017	0.97	1,743,717	1,743,717
Tranche 1	1 June 2013	2	731	1 June 2015	0.86	563,864	563,864
Tranche 2	1 June 2013	3	1,096	1 June 2016	0.86	563,864	563,864
Tranche 3	1 June 2013	4	1,461	1 June 2017	0.86	1,127,727	1,127,727
Tranche 1	1 July 2013	2	731	1 July 2015	0.86	245,455	245,455
Tranche 2	1 July 2013	3	1,096	1 July 2016	0.86	245,455	245,455
Tranche 3	1 July 2013	4	1,461	1 July 2017	0.86	490,908	490,908
Tranche 1	29 August 2013	2	731	29 August 2015	0.94	1,500,000	1,500,000
Tranche 2	29 August 2013	3	1,096	29 August 2016	0.94	1,500,000	1,500,000
Tranche 3	29 August 2013	4	1,461	29 August 2017	0.94	3,000,000	3,000,000
Tranche 1	27 September 2013	2	731	27 September 2015	0.84	221,515	221,515
Tranche 2	27 September 2013	3	1,096	27 September 2016	0.84	221,515	221,515
Tranche 3	27 September 2013	4	1,461	27 September 2017	0.84	443,030	443,030
Tranche 1	13 November 2013	2	731	13 November 2015	0.76	168,909	168,909
Tranche 2	13 November 2013	3	1,096	13 November 2016	0.76	168,909	168,909
Tranche 3	13 November 2013	4	1,461	13 November 2017	0.76	337,818	337,818
Tranche 1	1 April 2014	2	731	1 April 2016	0.90	727,612	727,612
Tranche 2	1 April 2014	3	1,096	1 April 2017	0.90	727,612	727,612
Tranche 3	1 April 2014	4	1,461	1 April 2018	0.90	1,455,220	1,455,220
Tranche 1	1 May 2014	2	731	1 May 2016	0.74	567,500	567,500
Tranche 2	1 May 2014	3	1,096	1 May 2017	0.74	567,500	567,500
Tranche 3	1 May 2014	4	1,461	1 May 2018	0.74	1,135,000	1,135,000
						53,275,980	53,275,980

28 LONG-TERM LIABILITIES *(continued)*

Vesting Schedule 2013

Description	Grant date	Vesting period (years)	Vesting period (days)	Vesting date	Valuation (ZAR)	Options granted	Options expected to vest
Tranche 1	11 May 2011	2	731	11 May 2013	0.77	4,895,739	4,895,739
Tranche 2	11 May 2011	3	1,096	11 May 2014	0.77	5,863,239	5,863,239
Tranche 3	11 May 2011	4	1,461	11 May 2015	0.77	11,726,478	11,726,478
Tranche 1	6 March 2013	2	731	6 March 2015	0.79	1,762,450	1,762,450
Tranche 2	6 March 2013	3	1,096	6 March 2016	0.79	1,762,450	1,762,450
Tranche 3	6 March 2013	4	1,461	6 March 2017	0.79	3,524,900	3,524,900
Tranche 1	1 April 2013	2	731	1 April 2015	0.84	3,450,157	3,450,157
Tranche 2	1 April 2013	3	1,096	1 April 2016	0.84	3,450,157	3,450,157
Tranche 3	1 April 2013	4	1,461	1 April 2017	0.84	6,900,314	6,900,314
Tranche 1	1 May 2013	2	731	1 May 2015	0.90	1,276,730	1,276,730
Tranche 2	1 May 2013	3	1,096	1 May 2016	0.90	1,276,730	1,276,730
Tranche 3	1 May 2013	4	1,461	1 May 2017	0.90	2,553,461	2,553,461
Tranche 1	1 June 2013	2	731	1 June 2015	0.84	978,068	978,068
Tranche 2	1 June 2013	3	1,096	1 June 2016	0.84	978,068	978,068
Tranche 3	1 June 2013	4	1,461	1 June 2017	0.84	1,956,136	1,956,136
						52,355,077	52,355,077

Participation in share-based and other long-term incentive schemes is restricted to employees and directors as described above.

29 DEFERRED TAXATION

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Arising from temporary differences relating to:				
Property, plant and equipment	**45,125,596**	55,332,754	–	–
Provisions	**(4,272,995)**	(4,667,052)	–	–
Investment in rehabilitation trust	**2,609,133**	3,400,586	–	–
Other	**(108,157)**	(16,848)	–	–
Net deferred tax liabilities	**43,353,577**	54,049,440	–	–

	Note	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		**54,049,440**	10,088,530	–	–
Transfer to deferred tax asset		–	79,555	–	–
Arising from the acquisition of Evander Mines	39	–	45,132,359	–	–
Deferred tax charge for the year	13	**(1,765,459)**	5,744,025	–	–
Deferred tax asset raised during the current year		–	(200,340)	–	–
Foreign currency translation reserve		**(8,930,404)**	(6,794,689)	–	–
Net deferred liabilities at the end of the year		**43,353,577**	54,049,440	–	–

	Group 30 June 2014 £	30 June 2013 £	Company 30 June 2014 £	30 June 2013 £
Arising from temporary differences relating to:				
Property, plant and equipment	–	57,139	–	–
Provisions	**174,199**	289,940	**174,199**	267,281
Other	**192,368**	(34,281)	**192,368**	–
	366,567	312,798	**366,567**	267,281

	Note	Group 30 June 2014 £	30 June 2013 £	Company 30 June 2014 £	30 June 2013 £
Reconciliation of deferred tax assets:					
Net deferred assets at the beginning of the year		**312,798**	–	**267,281**	–
Transfer from deferred tax liabilities		–	79,555	–	–
Deferred tax credit for the year	13	**153,436**	265,013	**153,436**	289,876
Foreign currency translation reserve		**(99,667)**	(31,770)	**(54,150)**	(22,595)
Net deferred assets at the end of the year		**366,567**	312,798	**366,567**	267,281

Deferred tax assets not recognised for the company amounted to nil (2013: £9,536). In the prior, these related to assessed losses carried forward as a result of temporary differences.

Assessed loss carried forward for company amounted to nil (2013: £34,056). Unredeemed capital expenditure in relation to Phoenix Platinum and ETRP carried forward was £14,6 million (2013: £8.9 million).

30 FINANCIAL INSTRUMENTS

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

	Group 30 June 2014 £	30 June 2013 £	Company 30 June 2014 £	30 June 2013 £
Components of capital and financial covenants:				
Cash and cash equivalents	**(5,618,323)**	(4,768,916)	**(1,803,545)**	(3,304,949)
Interest-bearing debt/gold loan	**11,225,365**	11,009,143	–	–
Net interest-bearing (assets) liabilities	**5,607,042**	6,240,227	**(1,803,545)**	(3,304,949)
Equity	**159,396,109**	172,208,237	**111,102,442**	124,671,062
Net debt to equity ratio (%)*	**0.04**	0.04	**(0.02)**	(0.03)
Finance costs of the revolving credit facilities	**713,395**	852,998	–	–
Earnings before interest and taxation	**34,130,214**	54,510,133	**(738,676)**	(22,026,658)
Interest cover ratio	**48**	64	–	–
Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of assets held for sale.	**44,165,423**	53,123,887	**(738,676)**	(3,381,660)
Net debt to Adjusted EBITDA	**0.13**	0.12	**2.44**	0.98

Financial Covenant limits:
The ratio of the net debt to equity must be less than 1:1.
The interest cover ratio must be greater than four times.
The ratio of Net Debt to Adjusted EBITDA must be less than 2.5:1.

30 FINANCIAL INSTRUMENTS *(continued)*

	Group 30 June 2014 £	30 June 2013 £	Company 30 June 2014 £	30 June 2013 £
Categories of financial instruments:				
Financial assets:**				
Cash and cash equivalents	**5,618,323**	4,768,916	**1,803,545**	3,304,949
Investment in associate	**1,009,545**	1,199,071	**1,009,429**	1,182,606
Receivables	**8,181,293**	10,812,937	**–**	1,194,826
Financial liabilities:				
Trade and other payables	**17,193,220**	22,186,228	**777,079**	743,051
Long-term liabilities	**8,141,317**	10,253,706	**153,721**	–
Current portion of long-term liabilities	**4,754,803**	864,218	**560,882**	–

All of the financial instruments above are carried at amortised cost, except for the gold Loan which is measured at fair value.

* *Net debt is calculated on cash and cash equivalents less interest bearing debt.*
** *At year-end the group did not have trade receivables that are past overdue and not impaired.*

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 any financial derivatives is approved by the board of directors, who also on a continuous basis provide guidance on managing foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Exposure limits are 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 £35,578 (2013: £36,051) relating to other receivables, estimated by the group's management based on the current economic environment and individual debtor circumstances. The credit risk on liquid funds is limited because the counterparties are dealt with in accordance with the group's credit policy. Rand Refinery Pty Ltd is the one major customer that represents more than 5% of the trade receivables balance for the individual gold mining subsidiaries (Barberton Mines and Evander Mines), and Western Platinum Limited (Subsidiary of Lonmin PLC) is the one major customer that represents more than 5% of the trade receivables balance of Phoenix Platinum .

	£ 30 June 2014	£ 30 June 2013
Customers above 5%		
Rand Refinery Pty Ltd	**5,726,230**	8,379,514
Western Platinum Limited (Subsidiary of Lonmin PLC)	**2,285,276**	1,387,795
	8,011,506	9,767,309

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. The group specifically ensure USD receipts are converted into ZAR as quickly and economically as possible.

Commodity price and foreign exchange rate 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 receipts.

Interest rate and liquidity risk

Fluctuations in 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

	Closing rate at 30 June 2014	Average rate for the year ended 30 June 2014
Currency and gold spot price		
Pound Sterling/ZAR exchange rate	**18.01**	16.88
USD gold spot price ($/oz)	**1,327**	1,303

	Impact of 10% currency or gold price movement on profit £
Foreign currency/gold price sensitivity	
2014	**11,701,311**
2013	9,334,799

	£*	Value of the gold on 10% increase in gold price
Gold price sensitivity		
2014	**11,225,365**	**12,347,901**

ANNUAL FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS *(continued)*

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:

	£*	Impact of 10% currency movement on translation reserve
2014		
Assets	**23,510,399**	**21,373,090**
Liabilities	**24,011,644**	**21,828,767**
2013		
Assets	26,748,411	24,316,737
Liabilities	24,066,270	21,878,427

* *The functional currency within the group is ZAR therefore the sensitivity details the effect of the ZAR/GBP exchange rate on the foreign currency translation reserve.*

Commodity zero cost collar

The group entered into two zero cost collar gold transaction during the year, similar to transactions that were undertaken in the prior year. During the current financial year, the group realised a profit of £2,310,426 upon agreeing to realise the two contracts with ABSA Bank Limited.

Financial instruments (derivatives)

	Group £ 30 June 2014	Group £ 30 June 2013	Company £ 30 June 2014	Company £ 30 June 2013
Opening balance	**–**	–	**–**	–
Financial instruments during the year	**2,310,426**	1,589,595	**2,310,426**	1,589,595
Fair valuing of financial instruments	**–**	–	**–**	–
Financial instruments realised during the year	**(2,310,426)**	(1,589,595)	**(2,310,426)**	(1,589,595)
Closing balance	**–**	–	**–**	–

	Group £ 30 June 2014	Group £ 30 June 2013	£ Total
Cost collar derivative profits			
Cash profits realised on the statement of comprehensive income	**2,310,426**	1,589,595	3,900,021

Terms of the zero cost collar gold transaction:

Call option terms:	30 June 2014 Contract one	Contract two	30 June 2013 Contract one
Trade date	20 August 2013	24 January 2014	June 26, 2013
Commodity	Gold	Gold	Gold
Total notional quantity	78,000 ounces (2426 kilograms)	60,000 ounces (1866 kilograms)	78,000 ounces (2426 kilograms)
Option style	Asian	Asian	Asian
Option type	Call	Call	Call
Commodity option buyer	ABSA Bank Limited	ABSA Bank Limited	ABSA Bank Limited
Option term*	From and including 1 September 2013, to and including 31 August 2015 (2 years).	From and including 1 February 2014, to and including 31 January 2016 (2 years).	From and including 31 May 2013, to and including 30 June 2015 (2 years).
Strike price per unit	ZAR 502,815 per kilogram	ZAR 519,237 per kilogram	ZAR518,500 per kilogram
Put option terms:			
Trade date	20 August 2013	24 January 2014	June 26, 2013
Commodity	Gold	Gold	
Total notional quantity	78,000 ounces (2426 kilograms)	60,000 ounces (1866 kilograms)	78,000 ounces (2426 kilograms)
Option style	Asian	Asian	Asian
Option type	Put	Put	Put
Commodity option buyer	ABSA Bank Limited	ABSA Bank Limited	ABSA Bank Limited
Option term*	From and including 1 September 2013, to and including 31 August 2015 (2 years).	From and including 1 February 2014, to and including 31 January 2016 (2 years).	From and including 31 May 2013, to and including 30 June 2015 (2 years).
Strike price per unit	ZAR 425,012 kilogram	ZAR 430,012 per kilogram	ZAR 425,000 per kilogram
Realised profits	1,777,251	533,175	1,589,595

* *Redeemed during the year and not open at year-end.*

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

During the current year the group took out a gold loan (refer to note 28). The gold loan measurement and valuation is subject to interest rate and gold price variations. Refer to below for gold loan sensitivity on interest rates variations.

30 FINANCIAL INSTRUMENTS *(continued)*

	10% decrease in interest rates	5% decrease in interest rates	Valuation of the gold loan	5% increase in interest rates	10% increase in interest rates
ZAR	**206,054,217**	**204,092,742**	**202,168,810**	**200,281,437**	**198,429,669**
GBP	**11,441,100**	**11,332,190**	**11,225,365**	**11,120,568**	**11,017,750**

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board, which has built an appropriate liquidity risk management framework for the management of the group's short term funding and liquidity management requirements. This framework involves constant weekly monitoring of the group's cash position, cash flow forecast, and matching maturity profiles of financial assets and liabilities to enable management of the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities.

The group has access to financing facilities at Barberton Mines and its Funding Company, of which all of the facilities were undrawn as at 30 June 2014, however a gold loan of £11,225,364 was outstanding at year-end (Refer to note 28). The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk analysis

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

	£ Weighted average interest rate	£ Less than 12 months	£ 1–5 years	£ Total
Group				
2014				
Trade and other payables	**–**	**17,193,220**	**–**	**17,193,220**
Long-term liabilities (non-interest bearing)	**–**	**4,754,803**	**8,141,317**	**12,896,120**
Long-term liabilities (interest bearing)	**8.53%**	**–**	**–**	**–**
Other short-term liabilities	**–**	**–**	**–**	**–**
2013				
Trade and other payables	–	22,186,228	–	22,186,228
Long-term liabilities (non-interest bearing)	–	–	988,035	988,035
Long-term liabilities (interest bearing)	7.85%	864,218	14,839,707	15,703,925
Other short-term liabilities	–	–	–	–
Company				
2014				
Trade and other payables	**–**	**777,079**	**–**	**777,079**
Long-term liabilities	**–**	**560,882**	**153,721**	**714,603**
Other short-term liabilities	**–**	**–**	**–**	**–**
2013				
Trade and other payables	–	743,051	–	743,051
Long-term liabilities	–	–	390,681	390,681
Other short-term liabilities	–	–	–	–

Fair value of financial instruments

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

Financial asset (right to future share)*

	Group £ 30 June 2014	Group £ 30 June 2013
Opening balance	–	–
Right to future shares raised on sale	–	7,024,203
Foreign currency translation reserve	–	(460,153)
Closing balance before impairment	–	6,564,050
Impairment	–	(6,564,050)
Closing balance	–	–

* *The financial asset related to the right to future shares in Auroch based on the future milestones being achieved. The milestones set were considered to have a low probability of being achieved due to the prior year challenging mining environment and commodity prices. Therefore the financial asset was fully impaired.*

Fair value hierarchy

The following is an analysis of the financial instruments that are measured at fair value.

They are grouped into levels 1 to 3 based on the extent to which fair value is observable.

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities;

Level 2 – fair value is determined using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – fair value is determined on inputs not based on observable market data.

	30 June 2014 Level 1	Level 2	Level 3	Total
Derivative financial liabilities*	–	11,225,365	–	11,225,365

	30 June 2013 Level 1	Level 2	Level 3	Total
Derivative financial liabilities	–	–	–	–

* *The fair value of the gold loan, which is a recurring fair value measurement treated as Level 2 of the fair value hierarchy, was estimated by discounting future expected cash flows. The significant inputs which are observable at quoted intervals include the gold forward curves and the forecast ZAR to USD exchange rate based on a forward curve. These are discounted at a rate of approximately 8%, which takes into consideration the credit risk.*

31 POST-RETIREMENT BENEFIT INFORMATION

Predominantly most employees are required to be members of either the Barberton Pension Umbrella Fund, Sentinel Retirement Fund, Mine Workers Provident Fund or the Shanduka Group Provident Fund. These are defined contribution funds and are registered under and governed by the South African Pension Act, 1956, as amended. The assets of the scheme are held separately from those of the group in funds and they are in the control of the trustees. The total costs charged to the statement of comprehensive income of £4,747,602 (2013: £2,457,148) at group level and £112,853 (2013: £85,063) at company level and represent employer contributions payable to the schemes by the group and company at rates specified in the rules of the scheme. The calculation of the provision for post retirement medical benefits is performed internally by management using the South African Revenue Services life expectancy tables as the benefits payable are a fixed amount per pensioner. The balance of post retirement medical benefits were £90,832 (2013: £108,781).

32 COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Group

Commitments

The group had outstanding open orders contracted for at year-end of £4,986,259 (2013: £4,840,876).

Authorised commitments for the new financial year not yet contracted for totalled £19,061,631 (2013: £9,626,040).

Contingent liabilities

The group had no contingent liabilities in the current financial year or prior year.

Guarantees

The group had guarantees of £1,365,525 (2013: £1,638,448) in favour of Eskom, and £776,725 (2012: £931,966) 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 2014 (2013: £nil), except for the operating lease commitments disclosed in note 7.

33 DIRECTORS' EMOLUMENTS

The key management personnel for which remuneration has been disclosed below are considered to be the executive directors, non-executive directors and RA Holding:

	Group 30 June 2014 £	Group 30 June 2013 £
Executive directors		
Emoluments	**615,085**	1,068,060
Share options exercised	**–**	–
Total	**615,085**	1,068,060
Non-executive directors		
Emoluments	**146,004**	223,376
Total	**146,004**	223,376
Total remuneration	**761,089**	1,291,436

Individual	Share option taxable benefit £	Basic remuneration £	Retirement fund £	Life and disability plan £	Allowances £	Other remuneration £	Bonuses £	Total 2014 £	Total 2013 £
Executive									
Mr RA Holding**	**–**	**148,703**	**24,377**	**3,044**	**14,758**	**–**	**109,139**	**300,021**	–
Mr JAJ Loots***	**–**	**84,311**	**8,316**	**1,271**	**6,198**	**–**	**–**	**100,096**	–
Mr J Nelson	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	925,603
Ms YB Sitole****	**–**	**21,675**	**2,301**	**352**	**3,555**	**187,085**	**–**	**214,968**	142,457
Total	**–**	**254,689**	**34,994**	**4,667**	**24,511**	**187,085**	**109,139**	**615,085**	1,068,060

Individual	Total 2014 £	Total 2013 £
Non-executive		
Mr RG Still	**26,931**	48,497
Ms P Mahanyele*	**28,983**	33,348
Mr KC Spencer	**44,885**	86,196
Mrs HH Hickey	**24,979**	33,548
Mr T Mosololi*****	**10,758**	–
Mr JAJ Loots*	**9,468**	21,787
Total	**146,004**	223,376

Three highest paid non-directors	Share option taxable benefit £	Basic remuneration £	Retirement fund £	Life and disability plan £	Allowances £	Other remuneration £	Bonuses £	Total 2014 £	Total 2013 £
Mr C Strydom	**311,441**	**120,154**	**12,533**	**–**	**4,274**	**–**	**66,363**	**514,765**	212,436
Mr A Van Den Bergh	**267,787**	**127,321**	**11,897**	**–**	**869**	**–**	**71,943**	**479,817**	177,841
Mr P Human	**195,226**	**103,196**	**12,978**	**–**	**5,190**	**–**	**52,798**	**369,388**	256,200

* *Directors fees accruing to these directors are paid by the company to Shanduka.*

** *Mr RA Holding was appointed director and Chief Executive Officer with effect from 1 September 2013.*

*** *Mr JAJ Loots was appointed Financial director effective from 1 October 2013. Mr JAJ Loots was also previously a non-executive director of the group, and fees paid in this capacity were paid to Shanduka.*

**** *Ms YB Sitole resigned as Financial director, effective 30 September 2013.*

***** *Mr T Mosololi was appointed as an independent non-executive director from 9 December 2013.*

Executive directors

Mr RA Holding and Mr JAJ Loots were appointed CEO and FD, respectively.

Non-executive directors

Mr JAJ Loots resigned as a non-executive during the year and Mr T Mosololi was appointed as an Independent non-executive director. The following appointments did not change during the year under review:

- Mr KC Spencer (Chairman)
- Ms P Mahanyele
- Mr RG Still
- Mrs HH Hickey

No retirement fund contributions are currently made by the company on behalf of non-executive directors.

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

33 DIRECTORS' EMOLUMENTS *(continued)*

	30 June 2014					
	Mr KC Spencer Chairperson of the board £	Ms P Mahanyele Deputy chairperson of the board £	Mr RG Still £	Mrs HH Hickey £	Mr T Mosololi £	Mr JAJ Loots £
Board of directors	33,175	19,322	15,222	15,222	8,806	7,536
Remuneration Committee (Deputy chairperson as chairperson)	–	5,797	3,903	–	–	–
Audit Committee (Member 2 as chairperson)	–	–	3,903	5,855	1,952	1,932
SHEC Committee	5,855	–	–	3,902	–	–
Nominations Committee	5,855	3,864	3,903	–	–	–
Total	44,885	28,983	26,931	24,979	10,758	9,468

	30 June 2013					
	Mr KC Spencer Chairperson of the board £	Ms P Mahanyele Deputy chairperson of the board £	Mr RG Still £	Mrs HH Hickey £	Mr T Mosololi £	Mr JAJ Loots £
Board of directors	72,856	22,232	35,159	22,432	17,341	–
Remuneration Committee (Deputy chairperson as chairperson)	–	6,670	4,446	–	–	–
Audit Committee (Member 2 as chairperson)	–	–	4,446	6,670	4,446	–
SHEC Committee	6,670	–	–	4,446	–	–
Nominations Committee	6,670	4,446	4,446	–	–	–
Total	86,196	33,348	48,497	33,548	21,787	–

	Total options outstanding 1 July 2013	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Transferred out	Total options 30 June 2014
Mr KC Spencer	1,500,000	21 July 2008	5.2	–	–	–	–	1,500,000
Mr RA Holding	–		–	1,500,000	1 September 2013	–	–	1,500,000
Mr JAJ Loots	–		–	1,150,000	1 September 2013	–	–	1,150,000
	1,500,000			2,650,000				4,150,000

	Total options outstanding 1 July 2012	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Transferred out	Total options 30 June 2013
Mr KC Spencer	3,000,000	21 July 2008	5.2	(1,500,000)	–	(5.2)	–	1,500,000
Total	3,000,000		–	(1,500,000)	–	–	–	1,500,000

Directors' dealings in shares

During the year under review Mr JAJ Loots had participated in the following transactions in the company's shares:

– On 17 September 2013, purchased 50,000 shares at ZAR2.23 per share.

At 30 June 2014 Mr JAJ Loots held a total of 231,575 shares (2013: 181,575) representing 0.01% of the issued share capital.

During the year under review Mr RG Still participated in the following transactions in the company's shares through his related entities:

Mr RG Still is a trustee of a family trust ('The Alexandra Trust'). Mr RG Still is therefore deemed to have an indirect, non–beneficial interest in The Alexandra Trust's holding in the company.

During the year under review the Alexandra trust had the following dealings in shares:

Alexandra Trust

– On 01 October 2013, sold 360,916 shares at ZAR2.70 per share.

– On 02–06 May 2014, sold 4,312,700 shares at an average price of ZAR2.70 per share.

At 30 June 2014 the Alexandra Trust held a total of 7,000,000 shares (2013: 11,673,616) representing 0.38% of the issued share capital.

Cash settled options

Listed per grant/ exercise	Total options outstanding 1 July 2013	Grant date	Strike price (pence)	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price (pence)	Options forfeited	Total options 30 June 2014
Mr RA Holding	5,127,134	9 May 2011	0.11	1,000,000	29 August 2013	0.13	–	**6,127,134**
Mr JAJ Loots	–	–	–	5,000,000	29 August 2013	0.13	–	**5,000,000**
Mr C Strydom**	2,325,000	9 May 2011	0.11	(1,162,500)	23 September 2013	0.07	–	**1,162,500**
Mr C Strydom**	2,325,000	9 May 2011	0.11	(1,162,500)	8 May 2014	0.06	–	**1,162,500**
Mr A van den Bergh**	1,812,589	9 May 2011	0.11	(906,294)	23 September 2013	0.07	–	**906,295**
Mr A van den Bergh**	1,812,589	9 May 2011	0.11	(906,294)	8 May 2014	0.06	–	**906,295**
Mr P Human**	2,902,500	9 May 2011	0.11	(967,500)	8 May 2014	0.06	–	**1,935,000**
Ms YB Sitole	1,619,487	1 May 2012	0.14	–	–	–	(1,619,487)	**–**
	17,924,299	0	0.10	894,912	–	–	(1,619,487)	**17,199,724**

** *Highest paid non-directors.*

ANNUAL FINANCIAL STATEMENTS

34 EQUITY SETTLED SHARE OPTIONS

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

(i) 33.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant;
(ii) up to 66.67% of the total number of shares allocated after two years have elapsed from the grant date by the participant of the grant;
(iii) the balance of the shares allocated after three years have elapsed from the grant date by the participant of the grant,

and for allocations subsequent to 21 July 2008, the vesting date was amended from three years to four years 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 to expires after of period of six months due to resignation, retirement, redundancy or disability of the option holder.

During the year, an equity linked incentive was implemented for the new executive directors appointed. The terms of the scheme are as follows:

Total number of potential shares	2,650,000
Grant date	1 September 2013
Vesting date	28 February 2015
Vesting period	18 months
Exercise price	nil
Market conditions to be met	
	In the event that the 30-day VWAP JSE share price of Pan African Resources has outperformed the JSE gold index by 10% or more during the 18-month period starting 1 September 2013, 1,750,000 ordinary shares of Pan African Resources will be issued by the vesting date, or alternatively cash settled.
	In the event that the 30-day VWAP JSE share price of Pan African Resources has outperformed the JSE gold index by 25% or more during the 18-month period starting 1 September 2013, further 900,000 ordinary shares of Pan African Resources will be issued by the vesting date, or alternatively cash settled.
	The Remuneration Committee may elect to settle the obligation in cash, should it be unable to issue shares, provided that the beneficiary is in a net neutral position, after taking account of taxes and other costs.

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

	30 June 2014 Weighted average exercise price	Number of options	30 June 2013 Weighted average exercise price	Number of options
Outstanding at 1 July	**6.4p**	9,782,600	6.4p	14,282,600
Granted during the year*	**nil**	2,650,000	–	–
Forfeited	**6.4p**	(100)	–	–
Exercised during the year	**4.9p**	(7,160,500)	6.5p	(4,500,000)
Outstanding 30 June	**5.3p**	5,272,000	6.4p	9,782,600

	30 June 2014 Vested	Unvested	30 June 2013 Vested	Unvested
Total number share options at year-end	**2,622,000**	2,650,000	9,782,600	–

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

	Last fair value measurements		
	30 June 2014	30 June 2010	30 June 2008
Share price	**2.06**	R0.68	R 0.62
Exercise price	**Nil**	R0.68	R 0.70
Expected volatility	**30%**	58.61%	72.39%
Expected life	**18 months**	3–6 years	1–3 years
FTSE/JSE SA Gold Mining Index at grant date	**1,304.10**	n/a	n/a
Risk-free interest rate	**6.03%**	8.15%	5.31%

A company dividend rate has not 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 1 to 4 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 except the share options issued during the current year.

The group recognised total expenses of £122,936 (2013: £127,053) related to equity settled share-based payment transactions during the reporting period.

Participation in share-based and other long-term incentive schemes is restricted to employees and directors.

NOTES TO THE CONSOLIDATED AND COMPANY
ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2014

RELATED PARTY TRANSACTIONS

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

Company	Statement of Comprehensive Income transactions 30 June 2014 £	Statement of Comprehensive Income transactions 30 June 2013 £	Statement of Financial Position transactions 30 June 2014 £	Statement of Financial Position transactions 30 June 2013 £
– Dividends received from Barberton Mines	–	–	–	–
– Fee income from Barberton Mines	(509,478)	(1,161,720)	–	–
– Fee income from Phoenix Platinum	(29,621)	(216,763)	–	–
– Fee income from Evander Mines	(337,678)	–	–	–
– Directors fees expense to Shanduka	38,451	55,136	–	–
– Receivable from other group companies				
– Barberton Mines	–	–	–	1,194,826
– Pan African Resources Management Services Company	–	–	29	–
– Evander Mines	–	–	15,238,735	4,210,542
– Phoenix Platinum***	–	–	7,216,854	8,314,398
– Payable to other group companies				
– Evander Mines	–	–	(4,976,726)	–
– Barberton Mines (loan payable)	–	–	(30,339,085)	(13,772,763)
– Emerald Panther	–	–	(8,151)	(9,780)
– Funding Company	–	–	(194)	(233)
Payable to other related parties				
Fee payable to Shanduka**	–	–	(6,791)	–
Barberton Mines				
– Dividends paid to company	–	–	–	–
– Fees expense to company	509,478	1,161,720	–	
– Fees expense to Shanduka	63,084	76,203	–	–
– Loans with group Companies				
– Receivable from company	–	–	30,339,085	13,772,763
– Payable to other group companies				
– Payable to company (Accounts payable)	–	–	–	(1,194,826)
Funding company				
– Finance income from Evander Mines	(863,345)	(865,245)	–	–
– Loans with group companies				
– Receivable from company	–	–	194	233
– Receivable from Evander Mines	–	–	101,934	10,988,018
Phoenix Platinum* **				
– Fees paid to company	29,621	216,763	–	–
– Payable to other group companies				
– Payable to company***	–	–	(7,216,854)	(8,314,398)
Evander Mines subsidiaries				
– Receivable from other group companies				
– Receivable from Evander Mines	–	–	7,068,166	8,480,858
– Payable to other group companies				
– Payable to Evander Mines	–	–	(164,566)	(198,369)

Company	Statement of Comprehensive Income transactions 30 June 2014 £	30 June 2013 £	Statement of Financial Position transactions 30 June 2014 £	30 June 2013 £
Evander Gold Mines Ltd[****]				
– Gold sales invoiced to Evander Gold Mining Pty Ltd	**(54,563,057)**	(26,363,367)	**–**	–
– Cost of gold Production from Evander Gold Mining Pty Ltd	**54,022,829**	26,102,343	**–**	–
– Receivable from other group companies				
Receivable from Evander Gold Mining Pty Ltd	**–**	–	**51,245,704**	27,711,569
Receivable from Evander subsidiaries	**–**	–	**164,566**	198,369
– Payable to other group companies				
Payable to Evander Gold Mining Pty Ltd	**–**	–	**–**	(27,570,010)
Payable to Funding company	**–**	–	**(6,281)**	–
Payable to Evander subsidiaries	**–**	–	**(7,068,166)**	(8,480,858)
Evander Gold Mining Pty Ltd[****]				
– Gold purchases from Evander Gold Mines Ltd	**(54,022,829)**	(26,102,343)	**–**	–
– Cost of gold production income invoiced to Evander Gold Mines Ltd	**54,563,057**	26,363,367	**–**	–
– Finance costs paid to Funding Company	**863,345**	865,245	**–**	–
– Receivable from other group companies				
– Receivable from Evander Gold Mines Ltd	**–**	–	**–**	27,570,010
– Payable to Evander Gold Mines Ltd	**–**	–	**(51,245,704)**	(27,711,569)
– Payable to other group companies				
– Payable to Funding Company	**–**	–	**(101,934)**	(10,988,018)
– Payable to company	**–**	–	**(15,238,735)**	(4,210,542)

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

** *Included in trade and other payables.*

*** ***Company loan to Phoenix Platinum reconciliation:***

	Company £ 30 June 2014	£ 30 June 2013
Carrying amount of loan before impairment	**7,216,854**	16,642,179
Impairment of inter-company loan	**–**	(8,327,781)
Net carrying amount inter-company loan	**7,216,854**	8,314,398

Total investment by company, in Phoenix Platinum comprises of the acquisition investment and a inter-company loan. During the prior year the inter-company loan was impaired due to external (reduction in metal prices) and internal (reduction in production, and lower processing plant recoveries) indicators. The impairment was calculated using a weighted average cost of capital (WACC) of 16.25%. No impairment was required during the current year.

**** *Evander Gold Mines Ltd and Evander Gold Mining Pty Ltd are collectively referred to as Evander Mines due to a interim-mining arrangement in place since 1 March 2013.*

NON-CURRENT ASSET HELD FOR SALE

The carrying value of non-current assets held for sale on 30 June 2014 are as follows:

	Group		Company	
	£	£	£	£
Description	**30 June 2014**	30 June 2013	**30 June 2014**	30 June 2014
Opening balance	**213,191**	13,135,215	**–**	13,155,070
Disposal of the Segalla Plant**	**(177,982)**	–	**–**	–
Disposal of Manica projects***	**–**	(12,887,411)	**–**	(12,887,411)
Foreign currency translation reserve	**(35,209)**	(34,613)	**–**	(267,659)
	–	213,191	**–**	–

**** During the prior year the group completed this disposal, as described further in note 19. A loss on disposal arose as follows:*

	Company £
	30 June 2013
Issue of share in Auroch (Refer to note 19)	4,501,947
Deferred consideration	7,024,203
	11,526,150
Foreign currency translation reserve	775,123
Net book value	(12,887,411)
Loss on disposal of asset held for sale	586,138

*** Segalla plant*

The decision was taken in during the 2012 financial year to sell the Segalla plant. In the current year the Segalla plant was sold for a total consideration of £166,859.

	Group	
	30 June 2014 £	**30 June 2013 £**
Opening balance	**213,191**	247,804
Proceeds	**(166,859)**	–
Loss on sale of asset held for sale	**(11,848)**	–
Foreign currency translation reserve	**(34,484)**	(34,613)
Net book value	**–**	213,191

EVENTS AFTER THE REPORTING PERIOD

The company announced on 2 July 2014 the following appointments and resignations:

– Mr RG Still resigned as a non executive director effectively from 1 July 2014.

– Mr R Smith was appointed as an independent non-executive director with effect from 8 September 2014.

On 29 August 2014, Barberton Mines implemented a broad-based employee ownership scheme. A newly established employee trust will own 5% of the issued share capital of Barberton Mines. The transaction was fully vendor financed on a notional basis by Barberton Mines, the preference share funding attracts market related returns and dilution to Pan African Resources remains limited

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

	Group 30 June 2014 £	Group 30 June 2013 £	Company 30 June 2014 £	Company 30 June 2013 £
Profit before taxation	**33,939,335**	54,707,096	**(569,830)**	(20,947,423)
Adjusted for:	**14,887,531**	2,092,224	**809,102**	17,859,752
Impairment	**–**	16,143,604	**–**	18,058,860
Equity and cash settled share options costs	**1,730,645**	336,518	**767,429**	128,418
Net finance income	**190,879**	(196,963)	**(168,846)**	(1,079,235)
Loss/(profit) on disposal of assets	**(20,497)**	(11,768)	**–**	–
Royalty costs	**2,019,066**	3,198,622	**–**	–
Bargain purchase consideration	**–**	(24,114,255)	**–**	–
Loss on sale of asset held for sale	**11,848**	586,138	**–**	586,138
Loss on associate	**173,177**	152,312	**173,177**	152,312
Decrease in provision for environmental rehabilitation	**(340,530)**	–	**–**	–
Fair value adjustment on gold loan	**128,484**	–	**–**	–
Fair value adjustment on rehab trust fund	**923,188**	–	**–**	–
Non-mining depreciation	**37,342**	41,197	**37,342**	40,154
Mining depreciation	**10,023,361**	5,998,267	**–**	–
Other	**10,568**	(41,448)	**–**	(26,895)
Operating cash flows before working capital changes	**48,826,866**	56,799,320	**239,272**	(3,087,671)
Working capital changes	**(2,831,174)**	4,818,817	**96,460**	1,275,834
Decrease/(increase) in inventories	**1,254,612**	(871,992)	**–**	–
Decrease/(increase) in trade and other receivables	**2,208,036**	(4,666,510)	**1,161,017**	399,776
(Decrease)/increase in trade and other payables	**(5,982,303)**	10,043,929	**(955,268)**	872,306
Non-cash items	**(311,519)**	313,390	**(109,289)**	3,752
Cash generated by/(utilised in) operations	**45,995,692**	61,618,137	**335,732**	(1,811,837)
Income taxes paid	**(6,966,377)**	(10,116,451)	**(165,877)**	–
Royalties paid	**(1,569,574)**	(3,549,657)	**–**	–
Net finance (costs)/income	**(605,676)**	313,508	**168,846**	1,054,114
Dividends paid	**(14,683,712)**	–	**(14,683,712)**	–
Net cash from/(used in) operating activities	**22,170,353**	48,265,537	**(14,345,011)**	(757,723)

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS *(continued)*

	Group		Company	
	30 June 2014 £	30 June 2013 £	30 June 2014 £	30 June 2013 £
Taxation paid during the year:				
Taxation charge per the statement of comprehensive income	**7,154,742**	12,133,063	**(145,372)**	(289,876)
Less: Deferred taxation	**1,918,895**	(5,479,012)	**153,436**	289,876
	9,073,637	6,654,051	**8,064**	–
Taxation (receivable)/payable at beginning of year	**(1,322,671)**	2,870,283	**–**	–
Taxation receivable/(payable) at end of year	**(891,435)**	1,322,671	**147,911**	–
Foreign currency translation	**106,846**	(730,554)	**9,902**	–
Taxation paid during year	**6,966,377**	10,116,451	**165,877**	–
Royalty paid during the year:				
Royalty costs (receivable)/payable at beginning of year	**(156,668)**	482,447		
Royalty costs receivable acquired	**–**	(33,436)		
Royalty costs payable at end of year	**(291,089)**	156,668		
Royalty costs charge for the year	**2,019,066**	3,198,622		
Foreign currency translation	**(1,735)**	(254,644)		
Royalty paid during the year	**1,569,574**	3,549,657		

ACQUISITION OF EVANDER MINES

In the prior year, 28 February 2013, the group acquired 100% of the recorded voting shares of Evander Mines, thus obtaining control of Evander Mines. Cash consideration paid for the acquisition was ZAR1.313 billion. It was determined that this transaction represents a business combination with Emerald Panther identified as the acquirer. The group began consolidating the operating results, cash flows and net assets of Evander Mines from 1 March 2013. Evander Mines was a public unlisted mining company that was wholly owned by Harmony. The tables below present the purchase cost and our provisional allocation of the purchase price to the assets and liabilities acquired. This allocation was calculated as at the date of acquisition to reflect the provisional determination of the fair values of the assets and liabilities acquired. The significant adjustments were to increase property, plant and equipment by ZAR1,058 million and deferred income taxes by ZAR465 million, with a corresponding bargain purchase gain of ZAR322 million recognised in the consolidated results. There were no significant adjustments made to the consolidated statements of comprehensive income after applying these adjustments retroactively to the acquisition date.

Purchase cost	28 February 2013 ZAR	£
Purchase consideration (based on 1 October 2012 effective date)	1,500,000,000	112,178,888
Increased consideration (for the period 1 October 2012 to 28 February 2013)	23,104,110	1,727,862
Dividend payment by Evander Mines	(210,000,000)	(15,705,044)
	1,313,104,110	98,201,706
Cash acquired with Evander Mines	(29,354,529)	(2,195,306)
Net cash consideration	1,283,749,581	96,006,400

The purchase consideration was funded entirely by cash as follows:

Purchase cost	28 February 2013 ZAR	£
Rights issue	707,301,534	50,321,260
Proceeds from long term debt	350,000,000	25,729,051
Break fee paid from operational cash	50,000,000	3,739,296
Operational cash	205,802,576	15,391,136
Foreign currency translation reserve	–	3,020,963
	1,313,104,110	98,201,706

Summary of final purchase price allocation

	Fair value at acquisition ZAR	Fair value at acquisition £
Property, plant and equipment	2,157,007,971	161,313,837
Other non-current assets		
Other investments	257,129	19,230
Environmental trust fund	217,723,481	16,282,652
Other non-current assets	3,059,085	228,775
Current assets		
Inventory	51,547,305	3,855,013
Trade and other receivables	32,223,423	2,409,859
Cash	29,354,529	2,195,306
Non-current liabilities		
Deferred tax	(603,487,340)	(45,132,359)
Provision for environmental rehabilitation	(178,186,760)	(13,325,862)
Provision for post retirement benefit	(874,951)	(65,434)
Current liabilities		
Trade and other payables	(72,853,204)	(5,448,394)
Tax liability	(222,801)	(16,662)
Net assets acquired at fair value	1,635,547,867	122,315,961
Bargain purchase gain*	(322,443,757)	(24,114,255)
Effective purchase price	1,313,104,110	98,201,706

* *The bargain purchase gain arose due to net consideration paid being less than the fair value of assets and liabilities acquired.*

In accordance with the acquisition method of accounting, the acquisition cost has been allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. BDO Corporate Finance was used to assist the group in determining the fair value of the mining rights and property plant and equipment acquired.

Evander Mines results post and pre acquisition to 30 June 2013

	Revenue	Profits after tax
Post acquisition revenue, profit/(loss) (from 1 March 2013 to 30 June 2013)	31,712,557	7,968,404
Pre acquisition revenue, profit/(loss) (From 1 July 2012 to 28 February 2013)	64,447,224	9,499,890
Evander results for the financial year under review	96,159,781	17,468,294

SHAREHOLDER
INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	30 June 2014
Preliminary annual results announcement	16 September 2014
Annual report posted	29 October 2014
AGM	21 November 2014
Interim results announcement	TBA

SHAREHOLDER ANALYSIS

Shareholder spread

Register date: 30 June 2014
Issued share capital: 1,829,994,763 shares

	Number of shareholders	%	Number of shares	%
1 – 1,000 shares	501	9.05	253,834	0.01
1,001 – 10,000 shares	2,085	37.67	10,166,164	0.56
10,001 – 100,000 shares	2,169	39.19	71,278,084	3.89
100,001 – 1,000,000 shares	570	10.30	177,855,185	9.72
1,000,001 shares and over	210	3.79	1,570,441,496	85.82
Total	5,535	100.00	1,829,994,763	100.00
Distribution of shareholders				
Banks	5	0.09	206,893	0.01
Brokers	23	0.42	12,189,243	0.67
Close corporations	66	1.19	4,591,482	0.25
Endowment funds	28	0.51	7,871,935	0.43
Individuals	4,330	78.23	135,148,976	7.39
Insurance companies	28	0.51	37,240,296	2.03
Investment companies	3	0.05	27,438,747	1.50
Medical aid schemes	12	0.22	7,794,865	0.43
Mutual funds	140	2.53	431,468,113	23.58
Nominees and trusts	584	10.55	345,358,209	18.87
Other corporations	65	1.17	2,129,112	0.12
Pension funds	162	2.93	353,666,866	19.33
Private companies	75	1.36	460,585,853	25.17
Public companies	14	0.24	4,304,173	0.22
Total	5,535	100.00	1,829,994,763	100.00
Public/non-public shareholders				
Non-public shareholders	7	0.13	450,553,347	24.62
Director	6	0.11	14,195,289	0.78
Strategic holder (more than 10%)	1	0.01	436,358,058	23.84
Public shareholders	5,528	99.87	1,379,441,416	75.38
Total	5,535	100.00	1,829,994,763	100.00

Beneficial shareholders holding of 3% or more

	Number of shares	%
Shanduka	436,358,058	23.84
Coronation Fund Managers	184,569,254	10.09
Allan Gray	182,816,486	9.99
Afena Capital	112,583,127	6.15
Prudential Portfolio Managers	111,558,158	6.10
Public Investment Corporation	99,476,830	5.44

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting of Pan African Resources PLC will be held at the office of Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London, EC2V 7QR on 21 November 2014 at 10:00 (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 2014.
2. To approve the payment of a final dividend for the year ended 30 June 2014 of ZAR0.1410 per share.
3. To re-elect Mrs H H Hickey as a member of the Audit Committee.
4. To re-elect Mr K C Spencer as a member of the Audit Committee.
5. To re-elect Mr T Mosololi as a member of the Audit Committee.
6. To endorse the company's Remuneration Policy for the year ended 30 June 2014.
7. To re-elect Mr J A J Loots as a Director of the company, who retires by rotation pursuant to the Articles of Association of the Company.
8. To re-elect Mrs H H Hickey as a Director of the company, who retires by rotation pursuant to the Articles of Association of the company.
9. To re-elect Mr T Mosololi as a Director of the company, who was appointed since the last Annual General Meeting.
10. To re-elect Mr R M Smith as a Director of the company, who was appointed since the last Annual General Meeting.
11. 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 12 will be proposed as an Ordinary Resolution and Resolution 13 will be proposed as Special Resolution:

12. 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 thereunder, to exercise all the powers of the company to allot and make offers to allot equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £6,126,203.54; such authority shall, unless previously revoked or varied by the company in general meeting, expire on the conclusion of the next Annual General Meeting of the company or on 31 December 2015, 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.
13. That the company be generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 ("the Act") to make market purchases (as defined in Section 693 of the Act) of ordinary shares of the company on such terms and in such manner as the Directors shall determine provided that:
    (a) the maximum aggregate number of ordinary shares which may be purchased is shares with an aggregate nominal value of £914,997.38 (representing approximately 5 per cent. of the issued share capital of the company at the date of this notice);
    (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 1p or the equivalent (at the prevailing exchange rate on the date of purchase) in South African Rand;
    (c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 per cent above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase; and
    (d) this authority shall expire at the conclusion of the next Annual General Meeting of the company or on 31 December 2015, 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 on the JSE Limited as contemplated in this resolution shall comply, to the extent required, with the provisions of the Listings Requirements of the JSE Limited ("the Listings Requirements") pertaining to the general authority to repurchase securities for cash, which in summary provide as follows:

- such repurchases are effected through the order book operated by the JSE Limited trading system and done without any prior understanding or arrangement between the company and a counterparty, unless the JSE Limited otherwise permits;
- the company and its subsidiaries are enabled by their Articles of Association to acquire such shares;
- such repurchases are made at a price no greater than 10% above the weighted average market price at which the company's shares traded on the JSE Limited over the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the company appoints only one agent to effect any repurchase on the company's behalf;
- the directors will ensure that a resolution by the board was taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed solvency and liquidity test and confirming that since such tests were performed there have been no material adverse changes to the financial position of the group; and
- such repurchases are not conducted during prohibited periods as defined by the Listings Requirements, unless the company has complied with the conditions set out in paragraph 5.72(h) of the Listings Requirements.

The other general information referred to in paragraph 11.26(b) of the Listings Requirements regarding the company is contained elsewhere in this notice of AGM, as follows:

- directors and management of the company and of its material subsidiary, on pages 34 to 37
- major shareholders on page 160
- directors' interests in the company's shares, on pages 146 to 147
- company's share capital, on page 131

Furthermore, neither the company nor its subsidiaries is involved in any legal or arbitration proceedings, nor are any such proceedings pending or threatened, that may have or have had any material effect on the group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the company, whose names are given on pages 34 – 35 of the group's Integrated Annual Report in which this notice is incorporated, collectively and individually accept full responsibility for the accuracy of the information given in this notice, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by the Listings Requirements.

MATERIAL CHANGE

The directors of the company confirm that there has not been any material change in the financial or trading position of the company and its subsidiaries that has occurred since the end of the last financial period.

The intention of the directors is that the repurchase of the company's shares will be effected within the parameters laid down by this resolution as well as by the Act, the JSE Limited and the board, as and when the directors of the company deem such repurchases to be appropriate, having regard for prevailing market and business conditions. The directors will ensure that the requisite prior resolution of the board has been taken authorising such repurchases, confirming that the company and its subsidiaries engaged in such repurchases have passed the solvency and liquidity test and confirming that since such tests were performed there have been no material adverse changes to the financial position of the group.

After considering the effect of a general repurchase within the parameters set out above, the directors are of the view that for a period of at least 12 months after the date of the AGM referred to in this notice:

- the company and the group would in the ordinary course of their business be able to pay their debts;
- the consolidated assets of the company and the group would exceed the consolidated liabilities of the company and the group respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the accounting policies used in the 2014 audited Annual Financial Statements of the company and the group;
- the issued capital and reserves of the company and the group would be adequate for the purposes of the company and the group's ordinary business; and
- the company and the group's working capital would be adequate for ordinary business purposes.

Notes:

(i) The company will publish an announcement complying with the Listings Requirements if and when any of its shares have been repurchased in terms of the aforementioned general authority.

(ii) The company's sponsor will discharge its duties in terms of the Listing Requirements before the company commences any share repurchases in terms of the general authority being hereby sought.

By order of the Board

ST JAMES'S CORPORATE SERVICES LIMITED

Company Secretary
16 September 2014
Suite 31, Second Floor
107 Cheapside
London
England
EC2V 6DN

EXPLANATORY NOTES

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:
   - 18:00 on 19 November 2014; or,
   - if the AGM is adjourned, 18:00 on the date that is two business 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.

NOTICE OF
ANNUAL GENERAL MEETING *(continued)*

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 Asset Services, PXS, 34 Beckenham Road, Beckenham, 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 10:00 on 19 November 2014.

   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 Asset Services, PXS, 34 Beckenham Road, Beckenham, 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 Asset Services or Computershare Investor Services (Pty) Limited no later than 10:00 on 19 November 2014. 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 18:00 on 15 September 2014, the company's issued share capital comprised 1,829,994,763 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 18:00 on 15 September 2014 was 1,829,994,763.

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 10:00 on 19 November 2014 (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

Terms and abbreviations	Definitions
AGM	Annual general meeting
AIDS	Acquired Immune Deficiency Syndrome
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller growing companies
AMCU	Association of Mineworkers and Construction Union
Auroch	Pan African Resources has an investment in Australian-listed Auroch Minerals NL
B-BBEE	Broad-Based Black Economic Empowerment
Barberton Mines	Barberton Mines (Pty) Limited
BIOX®	The Biological Oxidation (BIOX®) gold extraction process was developed at Barberton Mines. It is an environmentally friendly process of releasing gold from the sulphide that surrounds it by using bacteria
the board	The board of directors of Pan African Resources PLC Limited, as set out on pages 34 to 35
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailing plant owned by Barberton Mines, which commenced production in FY2014
CEO	Chief Executive Officer. Pan African Resources' CEO is Ron Holding (appointed 9 September 2013)
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
the Companies Act	South African Companies Act No 71 of 2008, as amended
COO	Chief Operating Officer. Pan African Resources' COO is Anaki Karigeni (appointed 1 April 2014)
CTRP	Chrome tailings retreatment plant
CSI	Corporate Social Investment
the current year	The year ending 30 June 2015
DM"	Department of Mineral Resources
ETRP	Evander Tailings Treatment Project, approved during the year for commissioning in October 2014
Evander Mines	Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited
EU	European Union
Eskom	Electricity Supply Commission, South African electricity supplier
EXCO	Executive committee of Pan African Resources PLC
FD	Financial Director. Pan African Resources' FD is Cobus Loots (appointed 1 October 2013)
FOG	Fall of ground
g/t	Grams/tonne
GRI	Global Reporting Initiatives
Harmony	Harmony Gold Mining Company Limited
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	International Accounting Standards
IFM	International Ferro Metals (SA) (Pty) Limited, Phoenix Platinum concluded a formal CTRP agreement with IFM and operates from its Lesedi Mine

Terms and abbreviations	Definitions
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors South Africa
ISO	International Standards Organisation
JSE	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
King III Report or King III	King Report on Corporate Governance for South Africa, 2009
km	Kilometres
koz	Kilo ounces
KPIs	Key Performance Indicators – a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
LOM	Life of mine
LTIFR	Lost time injury frequency rate
LSE	London Stock Exchange
Metanza	BEE company Metanza Mineral Processors operates the CTRP at Phoenix Platinum plant under contract to Pan African Resources
MCF	Mine call factor
MHSA	Mine Health and Safety Act
MRM	Mineral Resource Management
MR&MR	Mineral Resources and Mineral Reserves Report
Mt	Million tonnes
MOI	Memorandum of incorporation
Moz	Million ounces
NIHL	Noise-induced hearing loss
NUM	National Union of Mineworkers
NOMAD	UK nominated advisor
OPSCO	Operations Committee
The group or the company or Pan African Resources	Pan African Resources PLC, listed on the LSE's AIM and on the JSE in the "Gold Mining" sector
PGE	Platinum Group Elements, namely platinum, palladium, rhodium and gold
Phoenix Platinum	Phoenix Platinum Mining (Pty) Limited, subsidiary of Pan African Resources
the previous year	The year ended 30 June 2013
SAICA	South African Institute of Chartered Accountants
SA	South Africa
Shanduka or Shanduka group	Shanduka Group (Pty) Ltd. Pan African Resources' black empowerment partner, which has a 26% stake in the group
SHEQC	Safety, health, environment, quality and community
SLP	Social and Labour Plan
Sporotrichosis	A disease caused by the infection of the fungus

GLOSSARY *(continued)*

Terms and abbreviations	Definitions
t	Tonnes
TB	Tuberculosis
TMM	Trackless mobile machinery
The UK Code	UK Corporate Governance Code
UASA	United Association of South Africa
UK	United Kingdom
the year or the year under review	The year ended 30 June 2014

Financial terms	Definitions
CPI	The consumer price index of South Africa, a primary indicator of South Africa's inflation
EPS	Earnings per share
GBP	Pounds Sterling
HEPS	Headline earnings per share
PPI	Producer price inflation
ROI	Return on investment
USD	US Dollars
ZAR	South African Rand

FORM OF PROXY
UNITED KINGDOM

(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 notes 1 and 3)

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 Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London, EC2V 7QR at 10:00 on 21 November 2014 and 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 approve the payment of a final dividend for the year ended 30 June 2014				
3. To re-elect Mrs H H Hickey as a member of the Audit Committee				
4. To re-elect Mr K C Spencer as a member of the Audit Committee				
5. To re-elect Mr T Mosololi as a member of the Audit Committee				
6. To endorse the company's Remuneration Policy				
7. To re-elect Mr J A J Loots as a Director of the company				
8. To re-elect Mrs H H Hickey as a Director of the company				
9. To re-elect Mr T Mosololi as a Director of the company				
10. To re-elect Mr R M Smith as a Director of the company				
11. To re-appoint Deloitte LLP as auditors of the company and to authorise the Directors to determine their remuneration				
SPECIAL BUSINESS:				
12. To authorise the Directors to allot equity securities				
13. To approve market purchases of Ordinary Shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she 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 2014

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 Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or Computershare Investor Services (Pty) Ltd, 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.

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Business Reply
Licence Number
RSBH-UXKS-LRBC

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PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

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FORM OF PROXY
SOUTH AFRICA

(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 notes 1 and 3)

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 Canaccord Genuity Limited, Eighth Floor, 88 Wood Street, London, EC2V 7QR at 10:00 on 21 November 2014 and 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.

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ORDINARY BUSINESS:	For	Against	Voting withheld*	Discretionary**
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3. To re-elect Mrs H H Hickey as a member of the Audit Committee				
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6. To endorse the company's Remuneration Policy				
7. To re-elect Mr J A J Loots as a Director of the company				
8. To re-elect Mrs H H Hickey as a Director of the company				
9. To re-elect Mr T Mosololi as a Director of the company				
10. To re-elect Mr R M Smith as a Director of the company				
11. To re-appoint Deloitte LLP as auditors of the company and to authorise the Directors to determine their remuneration				
SPECIAL BUSINESS:				
12. To authorise the Directors to allot equity securities				
13. To approve market purchases of Ordinary Shares				

If this form is signed and returned without any indication as to how the proxy shall vote, he or she will exercise his or her discretion both as to how he or she votes (and whether or not he or she 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 2014

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.
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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.
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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.

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Computershare

2107 MARSHALLTOWN

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EDITORIAL

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