PAN AFRICAN
RESOURCES
PLC

INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

STAKEHOLDERS • GROWTH • PROFITABLE • SUSTAINABLE

CONTENTS

ABOUT THIS REPORT

SCOPE AND BOUNDARY

We are pleased to present Pan African Resources' third integrated annual report (the report). The report presents to our shareholders and other stakeholders an overview of the group's financial and non-financial information for the period 1 July 2014 to 30 June 2015. The report includes the activities of the holding company Pan African Resources and all of its operations and subsidiaries.

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 183.

KING III | IIRC | GRI | IFRS

PROCESS FOR DEFINING REPORT CONTENT

The process for defining the report content was guided by the recommendations contained in the International Integrated Reporting Framework, issued by the International Integrated Reporting Council (IIRC) in December 2013. Going forward, we will continue to embed the guiding principles and content elements contained in the International Integrated Reporting Framework.

The content in the report focuses on those issues which materially impact our ability to create and sustain value over the short, medium and long term. Pan African Resources appreciates that its business operations use various forms of capital, including *financial capital, human capital, natural capital, intellectual capital, manufactured capital* and *social and relationship capital*. Consideration of the six forms of capital is shown in our business model on page 8.

For the purposes of this report, we define short, medium and long term as follows:

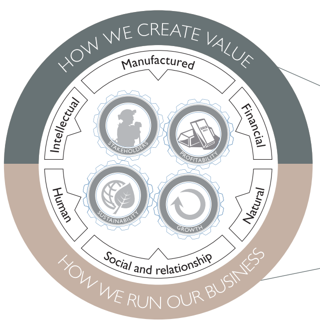
Short term: One year

Medium term: Two to three years

Long term: Beyond three years.

Furthermore, the report has been prepared in line with the London Stock Exchange's (LSE) Alternative Investment Market (AIM), the LSE's international market for smaller growing companies, and the Johannesburg Stock Exchange's (JSE) Listings Requirements. We have also applied the majority of principles of the King Report on Corporate Governance (King III), with an explanation for non-compliance on page 81. The UK Corporate Governance Code (UK Code) was also taken into consideration in the preparation of the report. The report was further prepared based on the Global Reporting Initiative (GRI) G3.1 standard disclosure guidelines and the Mining and Metals Sector Disclosure Guidelines. A separate GRI report is available on our website at www.panafricanresources.com.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants Financial Reporting Guides, as issued by the Accounting Practices Committee and the requirements of the South African Companies Act 71 of 2008 (SA Companies Act) and the UK Companies Act 2006 (UK Companies Act).



NAVIGATIONAL TOOLS

The following tools will assist you throughout the report

Capital reporting

For further reading on our website www.panafricanresources.com

For further reading in this report

Sustainable development report reference

FEEDBACK

We welcome any feedback stakeholders may have on our integrated annual report. Please contact info@paf.co.za with your feedback. Online copies of our integrated annual report is available on our website http://www.panafricanresources.com. A limited number of hard copies are available on request from the company secretary, whose details appear on the inside back cover.

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 believe that the expectations expressed in such forward-looking statements or forward-looking information are based on reasonable assumptions, expectations, estimates and projections.

However, these 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 these 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 publicly 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 as required by regulation.

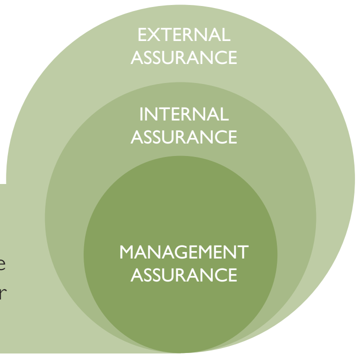
STATEMENT FROM THE BOARD OF DIRECTORS

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has applied its collective mind in the preparation and presentation of the report and is satisfied that the report addresses all material matters and fairly presents the integrated performance of Pan African Resources.

Keith Spencer
Chairman

Cobus Loots
Chief executive officer

16 September 2015



ASSURANCE

Pan African Resources' external auditors, Deloitte LLP, as the statutory auditor and Deloitte & Touche SA as the local auditor for the JSE reporting purposes, have independently audited the financial statements for the year ended 30 June 2015. Their unmodified audit reports are set out on pages 102 and 103.

SUPPLEMENTARY INFORMATION

This report represents one of three elements of Pan African Resources' 2015 financial year communication strategy with stakeholders, the other two being:

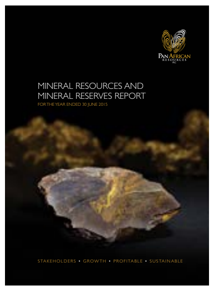
Pan African Resources' sustainable development report

- Contains additional non-financial disclosures referencing GRI
- The sustainable development report is compiled based on a self-declared GRI Application Level B

Sustainable development report

Pan African Resources' Mineral Resources and Mineral Reserves report

- Provides technical information on the mineral assets of Pan African Resources in compliance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code)



Mineral Resources and Mineral Reserves report

The above documents, together with this 2015 integrated annual report, are available on the group's website at www.panafricanresources.com

OUR VISION

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

INVESTMENT CASE

Pan African Resources is a mid-tier African-focused precious metals producer.

Proven business model, committed to low-cost production and optimising extraction efficiency

- Culture of delivery – Barberton Mines' BTRP and Evander Mines' ETRP
- Quality assets delivering good returns
- Focused on strong and sustainable margins
- Total mineral resources gold of 31.9Moz and 0.6Moz of platinum group elements
- People focused

Preferred gold investment

- Profitable production growth from long life assets
- Significant resource and reserve base
- Ability to conclude further value accretive acquisitions
- Strong track record of replenishing mineral reserves by targeting exploration and development to increase the life of mine

Delivering consistent returns

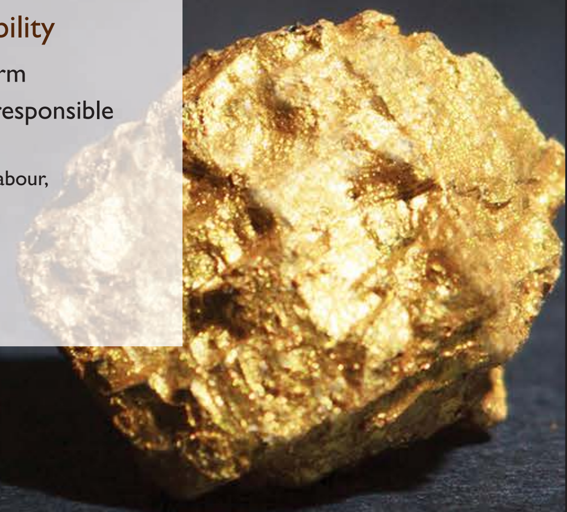
- Attractive dividend yield
- High margin assets allow for dividend to be maintained
- Robust statement of financial position

Disciplined approach to capital management

- Management team that continues to drive shareholder value

Committed to sustainability

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



People
Fostering relationships through action, integrity and honesty

Action
Leadership, planning and control

Results
Delivering on all our targets without compromise
Maximise sustainable gold
Positive impact on earnings

SALIENT FEATURES

6.5%
Gold sold: 175,857oz
(2014: 188,179oz)

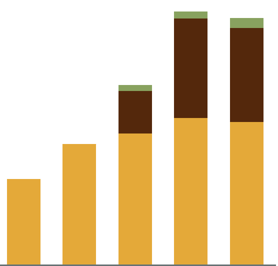
2.7%
Revenue: ZAR2,539.4 million
(2014: ZAR2,608.8 million)

52.7%
Headline earnings: ZAR213.6 million
(2014: ZAR452.0 million)

13.7%
All-in costs per kilogram: ZAR425,084
(2014: ZAR374,015/kg)

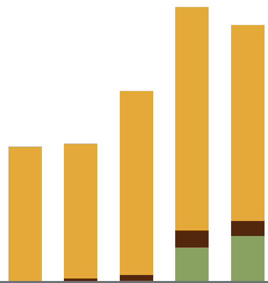
18.7%
Proposed final dividend: ZAR0.11466 per share proposed (2014: ZAR0.1410 per share) equating to **ZAR210 million** (2014: ZAR258 million)

GROUP REVENUE
ZAR millions



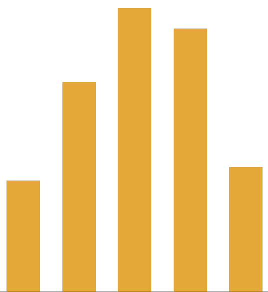
	2011	2012	2013	2014	2015
Phoenix Platinum	0.0	0.0	58.9	71.9	98.4
Evander Mines	0.0	0.0	438.9	1,025.8	972.0
Barberton Mines	879.7	1,240.3	1,350.3	1,511.1	1,469.0

GOLD SOLD
oz



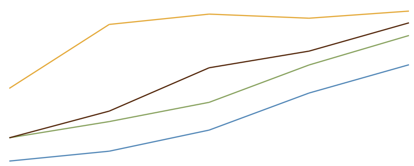
	2011	2012	2013	2014	2015
Tailings	–	–	–	22,885	30,806
Surface	–	1,068	3,836	11,359	9,990
Underground	92,197	93,381	126,657	153,935	135,061

HEADLINE EARNINGS
ZAR millions



2011	2012	2013	2014	2015
190.7	359.7	487.0	452.0	213.6

REVENUE AND COSTS PER KILOGRAM
ZAR/kg



	2011	2012	2013	2014	2015
Average spot price received	306,757	422,215	440,824	433,437	446,274
All-in-costs	217,524	265,713	343,949	374,015	425,084
All-in sustaining cash costs	217,524	246,801	281,551	349,008	402,221
Cash cost	175,520	193,360	231,439	298,345	349,410

GROUP HIGHLIGHTS AND CHALLENGES

- Lost Time Injury Frequency Rate **(LTIFR)** and Reportable Injury Frequency Rate **(RIFR) improvements**
- **BTRP** continues to perform according to expectation
- Evander Tailings Retreatment Plant (ETRP) **steady state production** since 1 March 2015
- Phoenix Platinum **increased** platinum group elements (PGE) ounces sold by **42.2%** to **10,245oz** PGE
- **Maintained an industry leading dividend yield** throughout the low precious metals price cycle
- **ZAR5.6 million savings** through strategic sourcing of goods and services for the gold operations
- **ZAR20.8 million** invested to date in **corporate social investment** (CSI) and **socioeconomic development (SED) initiatives**
- In process of acquiring the **Uitkomst Colliery**

CHALLENGES

- Weakened and volatile commodity prices
- Evander Mines' low grade cycle adversely impacted production
- Wage negotiations ongoing
- Issuance of section 54 instructions by the DMR

For more information view our full sustainable development report available on our website at www.panafricanresources.com

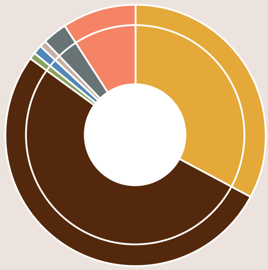
VALUE ADDED STATEMENT

	30 June 2015 ZAR million	30 June 2014* ZAR million
Revenue from all operations	2 539,4	2 608,8
Paid to suppliers for material and services	(828,1)	(738,2)
Value added	1 711,3	1 870,6
Income from investments***	1,6	8,5
Total value created	1 712,9	1 879,1
VALUE DISTRIBUTION		
Employee costs	910,8	852,6
Capital providers	302,2	255,1
Finance costs	44,2	14,8
Dividends to equity holders of the company	258,0	240,3
Central and local government	82,8	131,1
Company taxation	74,4	120,8
Skills development levy	8,4	10,3
Corporate social investment (CSI)**	20,8	19,0
Reinvested in group to maintain and develop operations	396,3	621,3
Depreciation and amortisation	186,1	169,2
Retained profits	210,2	452,1
	1 712,9	1 879,1
VALUE ADDED RATIOS		
Average number of employees****	4 334	4 426
Revenue per employee (ZAR million)	0,6	0,6
Value created per employee (ZAR million)	0,4	0,4
Corporate social investment – % of profit after tax	9,9	4,2

* *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.*

DISTRIBUTION OF VALUE CREATED

ZAR2,747.4 million



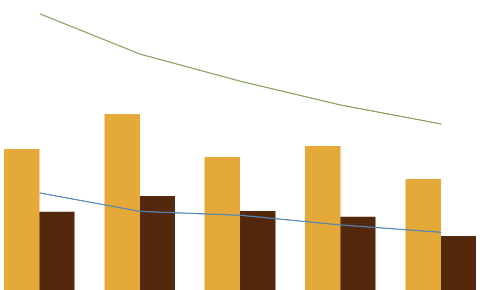
- 33% Salaries
- 52% Suppliers
- 1% Community expenses
- 1% Financial institutions – net interest expense
- 1% Royalty expense
- 3% Taxation expense
- 9% Dividend paid

GROWTH AND CREATING STAKEHOLDER VALUE

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

GROUP – LTIFR AND RIFR

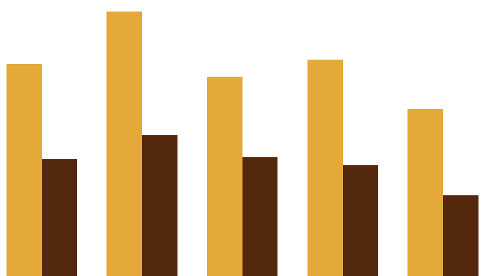
Rates per million man hours



	2011	2012	2013	2014	2015
LTIFR	2.91	3.63	2.74	2.97	2.29
RIFR	1.62	1.94	1.63	1.52	1.11
LTIFR Target	5.80	4.97	4.41	3.92	3.53
RIFR Target	2.11	1.73	1.65	1.45	1.30

ACCIDENT RATE

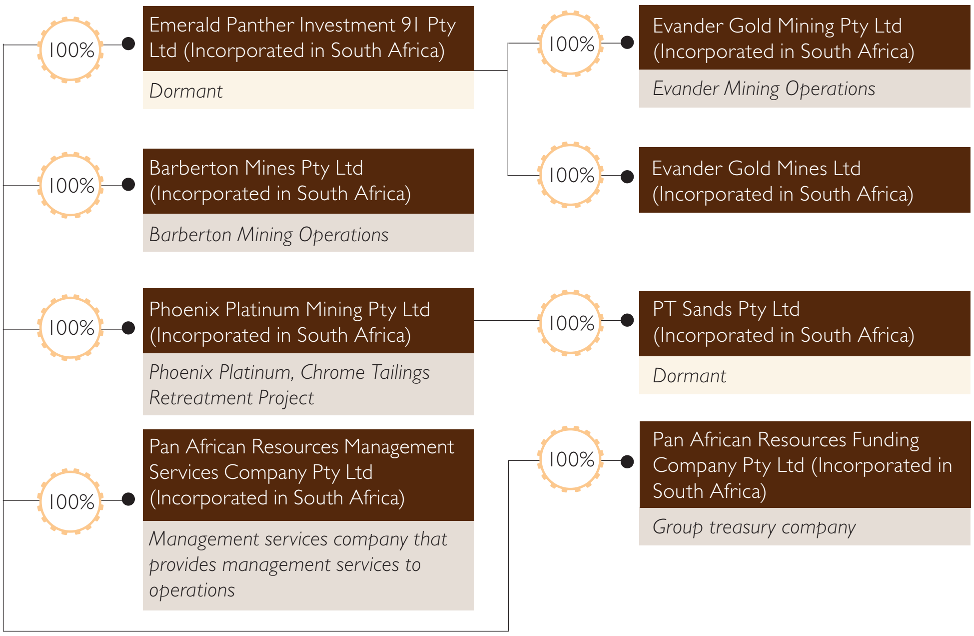
Rates per million man hours



	2011	2012	2013	2014	2015
LTIFR	2.91	3.63	2.74	2.97	2.29
RIFR	1.62	1.94	1.63	1.52	1.11

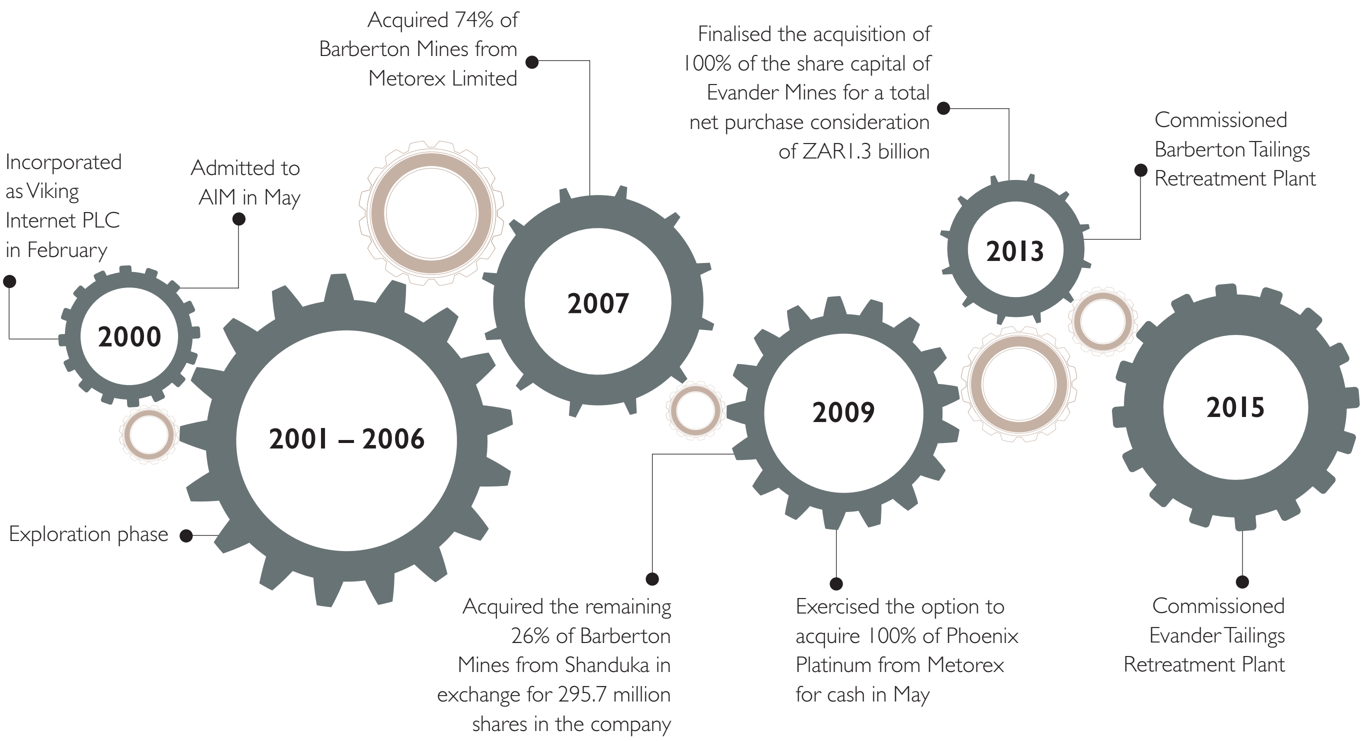
WHO WE ARE

ORGANISATIONAL STRUCTURE



Note 1: During the year, Pan African Resources announced the acquisition of the Uitkomst Colliery from Shanduka (related party) and its joint venture operating partner. This acquisition is subject to suspensive conditions typical for a transaction of this nature.

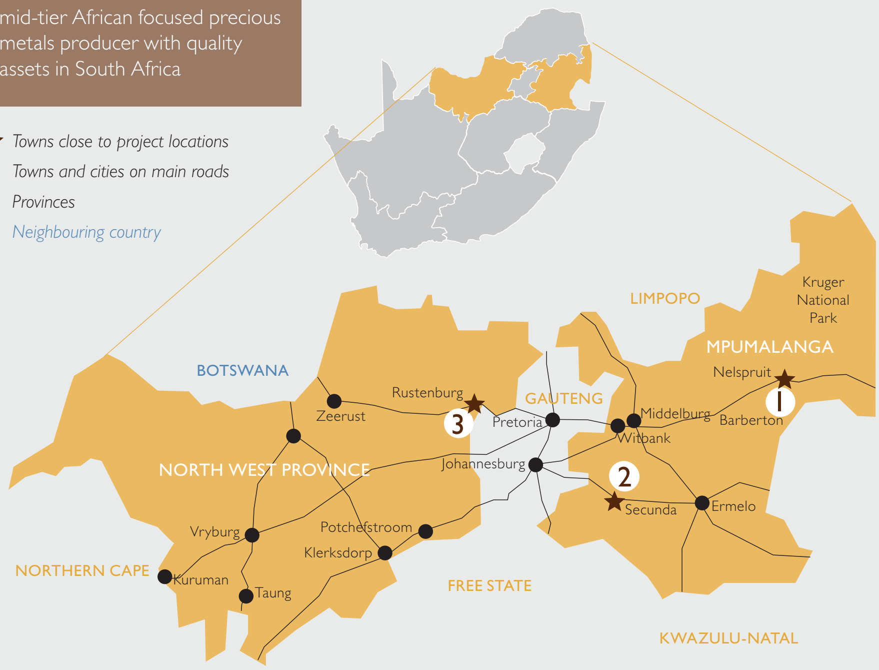
OUR HISTORY



OUR OPERATIONS

Pan African Resources is a mid-tier African focused precious metals producer with quality assets in South Africa

★ Towns close to project locations
● Towns and cities on main roads
● Provinces
● Neighbouring country



For further information on our operations and operating assets refer to pages 10 and 50.

1 **Barberton Mines** is a low cost, high grade, greenstone belt producing operation which has contributed significantly to Pan African Resources' successful track record. Barberton Mines production capacity is 95,000oz Au from underground and 20,000oz from Barberton Tailings Retreatment Plant (BTRP) per annum

2 The acquisition of **Evander Mines** in 2013 was transformational for Pan African Resources as it paved the way for the company to become a mid-tier gold producer with a strong, long-term project pipeline. Evander Mines production capacity from underground operations is 95,000oz per annum and from the ETRP 10,000oz per annum

3 **Phoenix Platinum** is a tailings retreatment plant designed to extract 10,000oz of platinum group metals per annum from chrome tailings

KEY FEATURES

African mid-tier precious metals business

- Quality assets producing approximately 215,000oz of gold per annum
- Focused on maintaining and increasing profitable production ounces

Dual listed on London's AIM and South Africa's JSE

- Market capitalisation at 30 June 2015 of ZAR3.3 billion
- Diversified shareholder base, major South African and international institutions
- Shanduka Resources as empowerment partner with 23.83% direct shareholding, equating to an effective 26.2% black economic empowerment (BEE) ownership for the purposes of the Mineral and Petroleum Resources Development Act (MPRDA). More detail on this transaction can be found in our sustainable development report on the group website www.panafricanresources.com

Cash flow generative and dividend paying

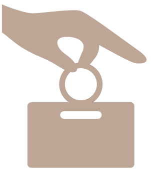
- Progressive dividend policy and track record of sector leading dividend payouts
- Historic dividend yield in excess of 6%
- Low level of gearing with strong balance sheet
- Access to funding facilities of ZAR1.2 billion

Significant growth projects

- Resources base in excess of 31Moz

OUR BUSINESS MODEL

PAN AFRICAN RESOURCES USES THE SIX FORMS OF CAPITAL IN ITS BUSINESS ACTIVITIES TO CREATE STAKEHOLDER VALUE



OUR INPUTS

FINANCIAL CAPITAL
ZAR1.2 billion
in available funding facilities

MANUFACTURED CAPITAL
Property, plant and equipment of
ZAR3.5 billion

HUMAN CAPITAL
4,326 employees and **1,095 contractors**

INTELLECTUAL CAPITAL
Barberton and Evander Mines mining and prospecting licences, key personnel for managing the **BIOX® process**

SOCIAL AND RELATIONSHIP CAPITAL **ZAR20.8 million**
invested in communities

NATURAL CAPITAL
1,376,815Gj of **electricity** and **12,249m²** of **water** used by group operations

BARBERTON MINES AND BARBERTON TAILINGS RETREATMENT PLANT (BTRP)

- Fairview, Sheba and Consort mines produce **~95koz of gold** per annum
- Average tonnages milled **~300kt** in excess of **10g/t**
- BTRP produces **~20koz of gold** per annum
- BTRP processing capacity of **1.2 million tonnes** per annum at a headgrade of **1.4g/t**

PRODUCES
in excess of
215koz
of gold
per annum

EVANDER MINES AND EVANDER TAILINGS RETREATMENT PLANT (ETRP)

- 8 Shaft produces **~95koz of gold** per annum
- Average 8 Shaft tonnages milled **~400kt** at between **5g/t – 7g/t**
- ETRP produces **10koz of gold** per annum from tailings processing
- ETRP processing capacity of **2.4 million tonnes** per annum at a headgrade of **0.3g/t**

PHOENIX PLATINUM CHROME TAILINGS RETREATMENT PLANT (CTRP)

- CTRP produces **~10koz of PGE** per annum
- CTRP processing **capacity ~300kt per annum**

PRODUCES
~10koz
of PGEs
per annum

OUR ACTIVITIES AND OUTPUTS

OTHER ACTIVITIES

- Growing **the business** through organic and acquisitive opportunities such as:
  - **Evander South Project**
  - **Elikhulu Tailing Retreatment Project**
  - **Uitkomst Colliery**

EXTERNAL ENVIRONMENT

Gold market

Capital and foreign exchange markets

ONE
FATALITY

ACCIDENT RATES PER MILLION MAN HOURS
TRIFR 11.14
LTIFR 2.29
RIFR 1.11

1,376,815Gj
OF ELECTRICITY USED

12,249m³
OF WATER USED

THERE ARE SOME IMPACTS ON HUMAN AND NATURAL CAPITAL THAT ARE INHERENT TO MINING ACTIVITIES

OUR IMPACTS

CARBON EMISSIONS OF **0.1tCO_2e/t** MILLED

REVENUE GENERATED
ZAR2,539.4 million
– **ZAR2,441.0 million** gold revenue
– **ZAR98.4 million** PGE revenue

OUR OUTCOMES

VALUE DISTRIBUTION

EMPLOYEES
ZAR910.8 million

SHAREHOLDERS dividends paid in December 2014
ZAR258 million

GOVERNMENT
ZAR282.3 million
including income tax, royalty, skills development levy, PAYE

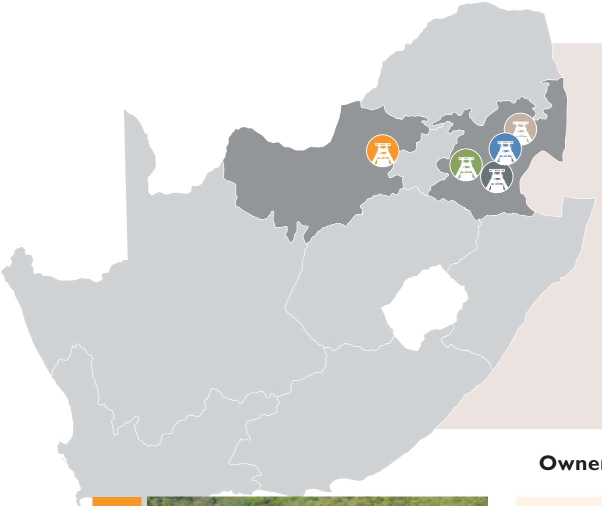
CSI and SED spend of
ZAR20.8 million

REINVESTED in infrastructure
ZAR352 million

Regulatory environment

Energy constraints

Labour and communities



OPERATING ASSETS

Pan African Resources is a mid-tier African-focused precious metals producer with a production capacity of 215,000oz gold and 10,000oz PGEs per annum. The group's assets include:

- BARBERTON MINES: three gold mines and the BTRP in Mpumalanga
- EVANDER MINES: a gold mine in Mpumalanga, ETRP and several brownfield projects
- PHOENIX PLATINUM: the CTRP in the North West province

Ownership **Life of mine** **Location**

BARBERTON

100% 20 years

Number of employees: 1,826
Number of contractors: 422

BARBERTON TAILINGS RETREATMENT PLANT (BTRP)

100% 15 years

Number of employees: 56
Number of contractors: 38

EVANDER MINES

100% 16 years

Number of employees: 2,415
Number of contractors: 570

EVANDER TAILINGS RETREATMENT PLANT (ETRP)

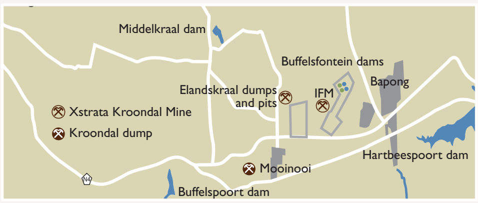
100% 16 years

Number of employees: 12
Number of contractors: 7

PHOENIX PLATINUM

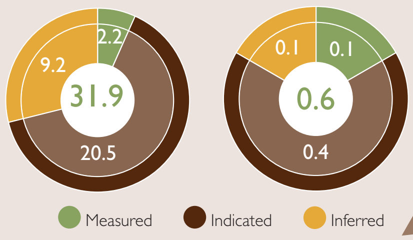
100% 28 years

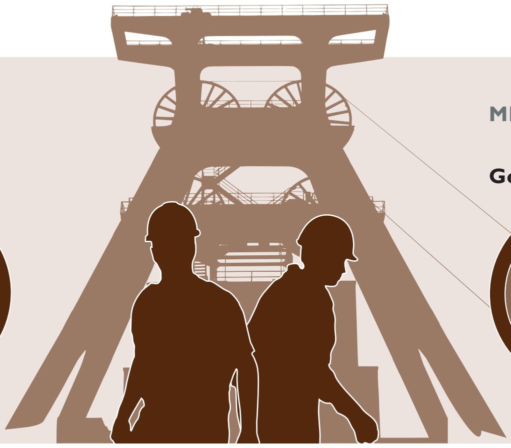
Number of employees: 3
Number of contractors: 58



MINERAL RESOURCES (Moz)

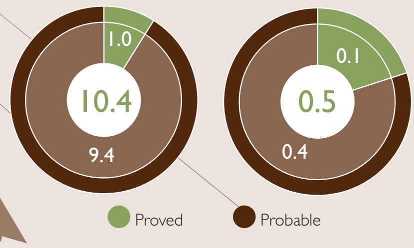
Gold **PGEs**





MINERAL RESERVES (Moz)

Gold **PGEs**



Description	Operational statistics	Resources and Reserves
Located in a greenstone belt, this is a low cost, high grade operation comprising three mines: Fairview, Sheba and New Consort and a recently commissioned tailings retreatment plant (BTRP). **Mining Charter rating:** 3	**Production (tonnes milled):** 260,749 **Produced (oz/annum):** 81,493 **Capacity:** 95,000oz of Au per annum **Tonnage (capacity):** 300,000 **Headgrade:** 10.0g/t – 11.0g/t **Plant feed grade:** 10.7g/t **Sustainable capital per annum:** ZAR115 million **Acquired:** 74% from Metorex 2007: remaining 26% from Shanduka 2009	**Resources:** 9.0Mt @ 10.7g/t (3.0Moz) **Reserves:** 4.3Mt @ 10.1g/t (1.4Moz) **Exploration:** Ongoing **Cash cost:** USD840oz
Located at Barberton Mines, the R320 million gold tailings retreatment plant commenced construction in April 2012, was completed on schedule and within budget, and achieved its inaugural gold pour in June 2013. **Mining Charter rating:** 3	**Production (tonnes milled):** 971,627 **Produced (oz/annum):** 24,283 **Capacity:** 25,000oz of Au per annum **Tonnage (capacity):** 1.2 million **Headgrade:** 1.4g/t **Plant feed grade:** 1.4g/t **Sustainable capital per annum:** ZAR2 million **Developed:** Steady-state production commenced in 2013	**Resources:** 20.4Mt @ 1.3g/t (0.9Moz) **Reserves:** 13.4Mt @ 1.5g/t (0.6Moz) **Exploration:** Ongoing **Cash cost:** USD480oz
Located in the Witwatersrand basin, current operations comprise No. 8 Shaft, several potential development projects – Poplar, Evander South, Rolspruit and Elikhulu (a surface tailings retreatment project), the Kinross metallurgical processing plant and tailings storage facility. **Mining Charter rating:** 3	**Production (tonnes milled):** 648,209 **Produced (oz/annum):** 63,558 **Capacity:** 95,000oz of Au per annum **Tonnage (capacity):** 655,000 **Headgrade:** 5.0g/t – 7.5g/t (includes development waste tonnes) **Plant feed grade:** 3.2g/t **Sustainable capital per annum:** ZAR140 million **Acquired:** 100% from Harmony in March 2013	**Resources:** 83.5Mt @ 9.7g/t (25.9Moz) **Reserves:** 28.8Mt @ 8.5g/t (7.9Moz) **Exploration:** Ongoing **Cash cost:** USD1,291oz
A tailings retreatment project which will exploit historically generated gold tailings deposited in the Kinross tailings storage facility and surface sources. **Mining Charter rating:** 3	**Production (tonnes milled):** 647,167 **Produced (oz/annum):** 6,523 **Capacity:** 10,000oz of Au per annum **Tonnage (capacity):** 2.4 million **Headgrade:** Tailings: 0.32g/t Surface feedstock: 1.0g/t – 1.75g/t **Plant feed grade:** 0.5g/t **Sustainable capital per annum:** ZAR2 million **Developed:** Steady-state production commenced in 2015	**Resources:** 205.3Mt @ 0.3g/t (1.9Moz) **Reserves:** 38.1Mt @ 0.3g/t (0.4Moz) **Exploration:** Ongoing **Cash cost:** USD688oz
Phoenix is a tailings plant which extracts platinum group metals from chrome tailings. **Mining Charter rating:** 3	**Production (tonnes milled):** 262,119 **Produced (oz/annum):** 10,245 **Capacity:** 12,000oz of PGEs per annum **Tonnage (capacity):** 240,000 **Headgrade:** 3.7g/t **Plant feed grade:** 3.3g/t **Sustainable capital per annum:** ZAR1 million **Developed:** Steady-state production commenced in 2012	**Resources:** 6.0Mt @ 3.1g/t (0.6Moz) **Reserves:** 4.8Mt @ 3.2g/t (0.5Moz) **Exploration:** Ongoing **Cash cost:** USD578oz

FIVE-YEAR REVIEW

		2015	2014	2013	2012	2011
Operating performance						
Gold mining tonnes milled	(t)	**908,958**	948,149	512,869	308,095	296,200
Gold tailings processed	(t)	**1,618,794**	815,736	–	–	–
Gold headgrade – mining operations	(g/t)	**5.4**	5.8	8.6	10.6	10.6
Gold headgrade – tailings operations	(g/t)	**1.0**	1.6	–	–	–
Gold sold	(oz)	**175,857**	188,179	130,493	94,449	92,197
Gold spot price received	(USD/oz)	**1,212**	1,303	1,553	1,694	1,366
Total gold mining cash costs	(USD/oz)	**949**	897	815	776	781
PGE 6E sold	(oz)	**10,245**	7,204	6,480	–	–

		2015 ZAR Millions	2015 GBP Millions	2014 ZAR Millions	2014 GBP Millions	2013 ZAR Millions	2013 GBP Millions	2012 ZAR Millions	2012 GBP Millions	2011 ZAR Millions	2011 GBP Millions
Statement of comprehensive income											
Revenue		**2,539.4**	**141.1**	2,608.8	154.6	1,848.1	133.5	1,240.3	101.1	879.7	79.2
Cost of production		**(1,987.4)**	**(110.4)**	(1,795.9)	(106.4)	(985.1)	(71.2)	(566.0)	(46.1)	(503.6)	(45.3)
Mining profit		**353.4**	**19.6**	637.8	37.8	776.8	56.1	632.3	51.5	342.3	30.8
EBITDA		**512.1**	**28.4**	745.5	44.2	735.2	53.1	552.5	45.0	317.0	28.5
Impairment costs		**(1.0)**	**(0.1)**	–	–	(242.3)	(16.1)	(0.6)	–	–	–
Profit after taxation		**210.2**	**11.7**	452.1	26.8	558.9	42.6	358.9	29.2	190.7	17.2
Headline earnings		**213.6**	**11.9**	452.0	26.8	487.0	35.2	359.7	29.3	190.7	17.2
Dividends		**(258.0)**	**(14.9)**	(240.3)	(14.7)	–	–	(95.6)	(7.4)	(60.3)	(5.4)
Statement of financial position											
Non-current assets		**4,147.1**	**220.1**	3,941.5	223.4	3,726.2	249.3	1,143.8	86.1	1,064.1	97.2
Current assets		**332.3**	**17.2**	423.4	23.5	401.5	26.7	367.8	28.5	173.2	15.8
Total equity		**2,738.5**	**147.2**	2,788.4	159.4	2,568.8	172.2	1,357.5	102.6	992.7	90.7
Non-current liabilities		**1,309.5**	**67.9**	1,144.1	63.5	1,200.9	80.0	180.8	14.0	146.7	13.4
Current liabilities		**431.4**	**22.4**	432.4	24.0	361.2	24.1	142.9	11.1	98.0	9.0
Cash flows											
Cash generated from operating activities		**96.5**	**5.4**	360.3	22.2	668.0	48.3	375.2	30.6	181.7	16.6
Capital expenditure		**352.0**	**19.6**	363.0	21.5	381.6	27.6	(213.9)	(17.4)	(233.6)	(21.0)
Net (decrease)/increase in cash and cash equivalents		**(36.9)**	**(1.7)**	29.6	1.7	(216.0)	(15.6)	140.8	11.5	(39.5)	(3.6)
Key ratios											
Return on shareholders' funds	(%)	**7.7**	**7.9**	16.2	16.8	21.8	24.7	26.4	28.5	19.2	19.0
Net debt/(cash): equity ratio	(Ratio)	**0.12**	**0.11**	0.04	0.04	0.04	0.04	(0.19)	(0.19)	(0.07)	(0.11)
Net debt/(cash): adjusted EBITDA	(Ratio)	**0.63**	**0.58**	0.14	0.13	0.13	0.12	(0.46)	(0.44)	(0.22)	(0.35)
Interest cover	(Ratio)	**7.3**	**7.2**	38.9	37.9	41.6	41.9	301.1	417.0	–	–
Current ratio	(Ratio)	**0.8**	**0.8**	1.0	1.0	1.1	1.1	2.6	2.6	1.8	1.8

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

		2015		2014		2013		2012		2011	
		ZAR Cents	GBP Pence	ZAR Cents	GBP Pence	ZAR Cents	GBP Pence	ZAR Cents	GBP Pence	ZAR Cents	GBP Pence
Statistics											
Shares in issue (millions)	(Number)		**1,831.5**		1,830.0		1,822.8		1,448.3		1,444.0
Weighted average number of shares in issue	(Number)		**1,830.4**		1,827.2		1,619.8		1,445.2		1,432.7
Earnings per share (EPS)	(Cents/ Pence)	**11.48**	**0.64**	24.74	1.47	34.51	2.63	24.83	2.02	13.31	1.20
Headline earnings per share (HEPS)	(Cents/ Pence)	**11.67**	**0.65**	24.74	1.47	30.07	2.17	24.89	2.03	13.31	1.20
Net asset value (NAV)	(Cents/ Pence)	**149.52**	**8.04**	152.37	8.71	140.93	9.45	93.74	7.09	68.74	6.28
Dividends per share (DPS)	(Cents/ Pence)	**14.09**	**0.81**	13.14	0.80	–	–	6.60	0.51	4.18	0.37
Average yearly dividend yield	(%)	**6.3**	**6.7**	5.6	5.7	–	–	3.0	3.6	3.0	4.0
Price earnings	(Ratio)	**15.7**	**14.9**	10.79	9.69	5.5	4.8	9.7	7.3	13.9	8.5
Volume of shares traded (millions)	(Number)	**573.2**	**527.9**	435.5	199.8	760.3	459.2	606.9	424.2	410.9	465.4
Volume traded as percentage of number in issue	(%)	**31.3**	**28.8**	23.8	10.9	41.7	25.2	41.9	29.3	28.5	32.2
Number of transactions	(Number)	**29,855**	**21,221**	28,498	11,496	30,814	16,121	21,827	13,593	18,343	10,533
Value of shares traded (millions)	(Number)	**1,266.7**	**64.3**	1,029.6	28.3	1,762.4	74.4	1,342.6	60.2	580.0	43.7
Traded prices											
– last sale in year	(Cents/ Pence)	**180**	**9.5**	267	14.3	191.0	12.8	242	14.8	185	10.2
– high	(Cents/ Pence)	**278**	**15.5**	294	16.8	299.0	21.0	299	17.4	204	11.9
– low	(Cents/ Pence)	**180**	**9.5**	186	11.8	185.0	11.8	180	9.5	109	5.5
– average price per share traded	(Cents/ Pence)	**222**	**12.2**	236	14.2	233.0	16.2	218	14.2	139	9.4

NON-FINANCIAL STATISTICS

	Units	2015	2014	2013	2012	2011
Safety						
Fatal injuries	(Number)	**1**	4	3	6	Nil
LTIFR	(Rate/million man hours)	**2.29**	2.97	2.74	3.63	2.91
RIFR	(Rate/million man hours)	**1.11**	1.52	1.63	1.94	1.62
TRIFR	(Rate/million man hours)	**11.14**	9.75	13.42	15.34	16.51
People						
Number of employees	(Number)	**5,421**	5,773	5,686	Note 1	Note 1
– Permanent	(Number)	**4,326**	4,450	4,351	Note 1	Note 1
– Contractors	(Number)	**1,095**	1,323	1,335	Note 1	Note 1
Employee turnover	%	**7.0**	6.8	6.6	Note 1	Note 1

Note 1: Information not tracked.

STRATEGY

"Looking forward to 2016, we are well positioned to improve our business and financial performance, as we continue to drive efficiencies, streamline our activities and explore growth opportunities."

Keith Spencer, chairman

The strategic report comprising business overview, strategy and performance review on pages 2 to 77 has been approved by the directors and signed on behalf of the board.

Cobus Loots
Chief executive officer

16 September 2015

OUR STRATEGY

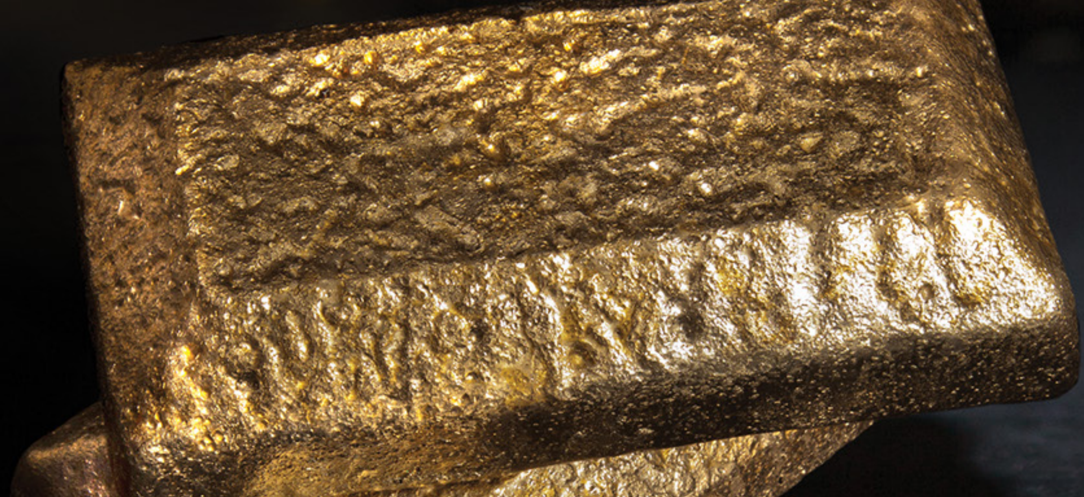
Pan African Resources' strategy is to build a mid-tier precious metals producer focusing on:

- Low cost base
- High margins
- Growth in mineral reserve base and profitable production
- Maximising recovered grade
- Positive impact on earnings

Pan African Resources' growth strategy is aimed at identifying and exploiting mining opportunities at margins that create stakeholder value by driving growth in our earnings, cash flows, production and in our mineral reserve and resource base, and by capturing the full precious metals mining value chain.

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

The chief executive's review see on page 30 unpacks the group's strategic progress.



The key enablers of our strategy are:

People
Fostering relationships through action, integrity and honesty

Action
Leadership, planning and control

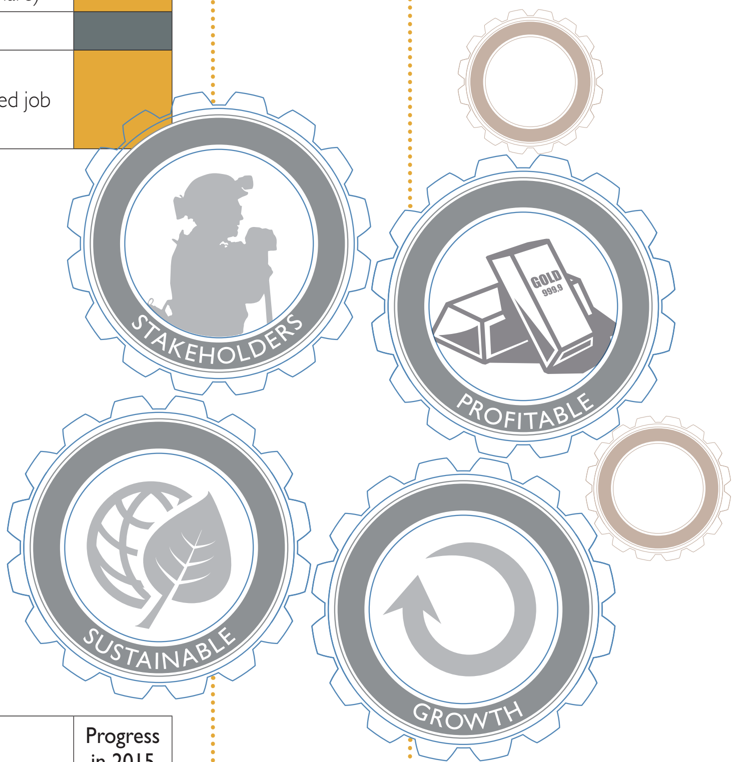
Results
Delivering on all our targets without compromise
Maximise sustainable gold
Positive impact on earnings

A WORKING STRATEGY

The four business pillars upon which our strategy is based are:

STAKEHOLDERS	Progress in 2015
• Proactive, strong labour relationships with regulators, employees, unions and communities	
• Zero incidents of labour unrest	
• Appropriate remuneration practices	
• Compliance with all relevant South African legislation including the Mining Charter and social and labour plans (SLP)	
• Final dividend paid of ZAR258 million or GBP14.9 million (2013: ZAR240.3 million or GBP14.7 million) during December 2014 relating to the 2014 financial year, equating to ZAR0.1410 or 0.82 pence per share (2013: ZAR0.1314 or 0.80 pence per share)	
• Improved safety drive for zero harm	
• Ongoing community self-sustaining development initiatives, including localised job creation and upskilling	

PROFITABLE	Progress in 2015
• Mining profit ZAR353.4 million (2014: ZAR637.8 million)	
• EBITDA ZAR512.1 million (2014: ZAR745.5 million)	
• Attributable profit ZAR210.2 million (2014: ZAR452.1 million)	
• Total gold cash cost ZAR349,410/kg (2014: ZAR298,345/kg)	
• HEPS 11.67 cents (2014: 24.74 cents)	



Substantially achieved
Moderate progress
Regression

SUSTAINABLE	Progress in 2015
• Total mineral resources of 31.9Moz of gold and 0.6Moz of PGE	
• Total mineral reserves of 10.4Moz of gold and 0.5Moz of PGE	
• Cash generative	
• Dividend paying – Proposed dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958 pence per share (2014: ZAR0.1410 per share or 0.82 pence per share), subject to approval at the annual general meeting (AGM)	
• Low all-in cost producer	
• Operations standardised and aligned with group SHEQC policy	
• Robust life of mines per operation	

GROWTH	Progress in 2015
• PGE ounces sold up by 42.2% to 10,245oz (2014: 7,204oz)	
• Successful commissioning of ETRP within budget and on time, adding 10,000oz gold production per annum to Evander Mines	
• A preliminary economic assessment (PEA) undertaken on Evander South brownfield project, ZAR20 million, in a staged approach, approved for drilling to commence in 2016 financial year	
• PEA undertaken on Elikhulu tailings retreatment project (on hold)	

OUR STRATEGY continued

STRATEGY SCORECARD

Strategic pillar	Deliverable	2015 objectives	2015 progress	Link to risk
STAKEHOLDERS				
STAKEHOLDERS	• Ongoing engagement • SLP and Mining Charter compliance • Return on shareholder funds • Dividend paying • Safety record • Union engagement and relationships • Labour legislative compliance • Wage increases – appropriate remuneration policies • Total taxes collected and paid • Job creation • CSI spend	• Improve and maintain stakeholder communication and relationships • Finalise negotiations of operational employee share ownership plan • Maintain dividend payments • Zero harm	• Barberton Mines: Completed phase 2 of Emjindini Secondary School project • Barberton Mines: Completed phase 1 of Makhanya road upgrade • Evander Mines: Completed the conversion and renovation of 42 old hostel rooms at Muzimuhle Village into family unit accommodation • Barberton Mines implemented their employee share ownership plan on 1 June 2015 and Evander Mines in the 2016 financial year • ZAR258 million final dividend was paid in December 2014 • Severity of accidents: One fatality • Group salaries and wages amounted to ZAR910.8 million (2014: ZAR852.6 million) or 35.9% (2014: 33.7%) of total group revenue • Refer to value distribution in business model page 8	• Macroeconomic • Operational • Strategic
PROFITABLE				
PROFITABLE	• 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 operations and business plans	• Improve profitability at operations • Alleviate the financial impact of the Evander Mines' low grade mining cycle • Source additional ounces at a low cost • Cost containment	• The group's profits decreased materially from the prior year as a result of the Evander Mines low grade mining cycle, Barberton Mines BIOX® plant recovering from an oil contamination and flat ZAR gold price • The group strategically entered into three collar transactions on behalf of Evander Mines to mitigate the effect of the ZAR gold price volatility during its low grade mining cycle. The three collar transactions contributed ZAR44.7 million (2014: ZAR39 million) before taxation • Evander Mines sourced surface feedstock material to process through their available milling and plant capacity. The adjusted ETRP EBITDA contributed an additional ZAR15 million to Evander Mines	• Macroeconomic • Operational

Strategic pillar	Deliverable	2015 objectives	2015 progress	Link to risk
GROWTH				
GROWTH	• Organic (achieved within existing infrastructure) • Expansion • Replacement of mineral reserve projects for depleted projects • Brownfield projects • Acquisitions	• Construction and commissioning of the ETRP • Review Evander South project • Review Elikhulu project • Evaluate opportunistic projects	• ETRP reached steady-state production on 1 March 2015, adding an additional 10,000oz gold production to the Evander Mines annual production profile. The ETRP provides additional flexibility to Evander Mines • Phoenix Platinum made good progress, with PGE ounces sold increasing by 42.2% to 10,254oz PGE (2014: 7,204oz PGE) • Board approval received for in-fill drilling at the Evander South project to convert the mineral resource base to a higher confidence level • The Elikhulu project is largely sensitive to capital expenditure. The group is investigating new technology that could potentially optimise the project's capital profile and recoveries • The purchase of the Newcastle Uitkomst Colliery from Oakleaf Investments Holding 109 Proprietary Limited (Oakleaf) and Shanduka (related party) was announced during the financial year. The acquisition still remains subject to approval by the DMR in terms of the MPRDA section 11 mining rights transfer to Pan African Resources.	• Macroeconomic • Operational • Strategic
SUSTAINABLE				
SUSTAINABLE	• Optimising mineral reserves for sustainable life of mine production profile • Operating profit margins • All-in cash cost of production per kilogram • 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	• Implement earnings and cashflow accretive growth • Zero harm • Maintain stakeholder engagement and relationships	• The implementation of earnings accretive growth remained a challenge as a result of the low grade mining cycle at Evander Mines and the BIOX® plant restoration from its oil contamination. This will remain a priority in the new financial year to monitor and improve on • All-in cost of production ZAR425,084/kg (2014: ZAR374,015/kg) • Severity of accidents: one fatality (2014: four fatalities) • Group capital expenditure incurred of ZAR352 million (2014: ZAR363 million) • The group remains committed to ensuring its relationship with the DMR will result in both improved compliance, communication and conflict resolution • The group spent ZAR20.8 million (2014: ZAR19.0 million) in the communities of Barberton and Evander Mines • ZAR13.2 million (2014: ZAR14 million) spent on skills development and training	• Macroeconomic • Operational • Strategic

OUR STRATEGY continued

ENTERPRISE RISK MANAGEMENT APPROACH

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 to a degree and managed or mitigated
- Operational: managed proactively by implementing policies and process controls
- Strategic: impacting the group's ability to execute its strategy and therefore it can anticipate and proactively address these issues.

The identification of risks is informed by the external environment, and the nature of the individual operations' activities (internal environment). Management has a process in place to set and align objectives with the group's mission and risk appetite. Risks are identified and analysed in a risk matrix format, based on the *impact* of the risk and the *likelihood* of the risk occurring. Controls in the form of policies, procedures and standards are established to monitor and/or mitigate the risk on an ongoing basis. These controls and actions to mitigate strategic risks can be implemented at the level of individual operations, across a group discipline or at executive management level.

The group's board is ultimately responsible for the identification of strategic risks and opportunities and the management thereof. The board is assisted by the audit committee and 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.

Strategic workshops are conducted annually to evaluate risks and opportunities, confirm or amend group strategy and establish strategic actions for the forthcoming period.

The table below describes each risk, how they are mitigated and how these are aligned to the group's strategic pillars.

Risk register

Risk	Mitigation	Strategic pillar	Self-assessment on progress during 2015
MACROECONOMIC			
Gold price and exchange rates	• Adherence to a treasury and financial risk management policy to ensure financial risk remains within board approved limits • Outsourced treasury function • Strategic hedging of gold prices and exchange rates • Conservative debt levels • Standby facilities to bridge working capital deficits • Daily monitoring of group liquidity and financial risks	Profitable	
Capital allocation	• Consciousness of shareholders' return requirements • Disciplined capital budgeting • Strategic emphasis on operational assets and close to cash flow operations • Execution capability to complete projects on time and within budget	Growth	
Single country risk – exclusive focus on South Africa	• Future growth plans should take cognisance of the existing concentrated sovereign exposure	Sustainable	
Cost of production inflation: • Labour • Electricity • Consumables	• Capital and management resources are applied to enhance productivity and control costs • Successful operational teams supported by a lean corporate office • Focus on cost control to maximise profitability per production unit • Focus on cash preservation • Monitor electricity usage of major plant and machinery	Profitable	

Risk	Mitigation	Strategic pillar	Self-assessment on progress during 2015
OPERATIONAL			
Industrial action and changes in employee legislation	• Proactive, strong relationships with the National Union of Mineworker (NUM) and the United Association of South Africa (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	Stakeholders	
Associated union rivalry challenging recognition criteria – Association of Mineworkers and Construction Union (AMCU) has a presence on Barberton Mines	• Recognition agreements • Collective bargaining units • Regulated by the Labour Act	Stakeholders	
Safety: Fall-of-ground; 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 • Robust safety management systems • Established standards and procedures • Extensive employee training • Record keeping and reporting of statistics • Audits and legal workplace inspections • Disaster action plans • Fire prevention measures • Incentives linked to meeting objectives	Stakeholders	
Mining grade/tonnage profile: Low grade mining cycle at Evander Mines	• Operational flexibility in asset base and resources allocation • Evander and Barberton Mines' tailings retreatment plants contribute to stabilising production profiles • Mineral Resource Management (MRM) optimisation to create grade flexibility and counter the low grade cycle • SAMREC Mineral Resource and Reserve statement supporting the life of mine assumptions • Short interval control meetings • Experienced management • Incentives linked to production and grade targets • Installation of monitoring instruments for the detection of diesel at the Barberton BIOX® plant • Review of additional mineral resources to mitigate low grade mining cycles at Evander Mines • Future development planning at Evander Mines to create flexibility in terms of grade	Profitable	

Low risk

Medium risk

High risk

OUR STRATEGY continued

Risk	Mitigation	Strategic pillar	Self-assessment on progress during 2015
OPERATIONAL continued			
Health: Occupational diseases; management of HIV/Aids; silicosis; noise-induced hearing loss (NIHL); TB	• Medical surveillance and monitoring of diseases • Annual medical examinations for all employees • Daily monitoring of workplace conditions for heat, noise and airborne pollutants • Provision of medical facilities or medical aid coverage • Appropriate occupational health practices • Medical health hubs • Managed health programmes • Behaviour-based training, disease management programmes and awareness programmes • Prevalence testing, wellness programmes and anti-retroviral treatment	Stakeholders Sustainable	
Environmental degradation: Water pollution and contaminated water	• 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	Stakeholders Sustainable	
STRATEGIC			
Broad-based black economic empowerment	• Stability in Shanduka Resources' empowerment credentials. More detail on this transaction can be found in our sustainable development report on the group website www.panafricanresources.com • Introduction of broad-based employee share ownership programme at operational level • Annual independent assessment of status • Incentives linked to the achievement of objectives • Enterprise development funding • Community development spend • Training and development of own candidates through structured training plans	Stakeholders	
Succession planning and skills retention	• Detailed succession planning programme in place and reviewed bi-annually • Mentoring processes • Effective retention strategy for all key disciplines • Regularly benchmarked market-related remuneration • Comprehensive training • Growth opportunities • Conduct ongoing market research on availability of scarce category skills • Apprenticeships and learnerships • Structured retention incentives – current, annual and long-term • Job-based skills training	Sustainable	

Risk	Mitigation	Strategic pillar	Self-assessment on progress during 2015
STRATEGIC continued			
Regulatory compliance	• Register of all titles • Outsourced legal, tax and internal audit functions • Cultivate good working relationships with regulators and with representatives of the national or local government	Stakeholders	
Anti-bribery and corruption legislation	• Anti-bribery and corruption policies • Culture of zero tolerance towards corruption • Ongoing training and awareness • Specific internal controls to mitigate bribery risk • Independent internal and external audit functions	Stakeholders Sustainable	
Reserves and resources estimates	• Conservative gold and PGE price assumptions to determine cut-off grades • Alignment between MRM and finance departments in relation to assumptions applied to life of mine estimates	Sustainable Profitable	
Integration of acquisitions and construction of new plants	• Extensive management experience • Project management	Growth	
Infrastructure dependency – power interruptions	• Engineering risk registers for all operations • Scheduling of operations • Support generators for critical functions and back-up generators provide limited power to processing plants • Energy-efficient programmes to reduce consumption • Appointment of a group consulting engineer • Planned routine maintenance contracts • Refurbishment, major overhaul and capex investment • Engagement with Eskom on planned and unplanned power interruptions • Power management and load monitoring • Energy-efficiency programmes implemented	Growth Profitable Sustainable	

Low risk
Medium risk
High risk

STAKEHOLDER ENGAGEMENT

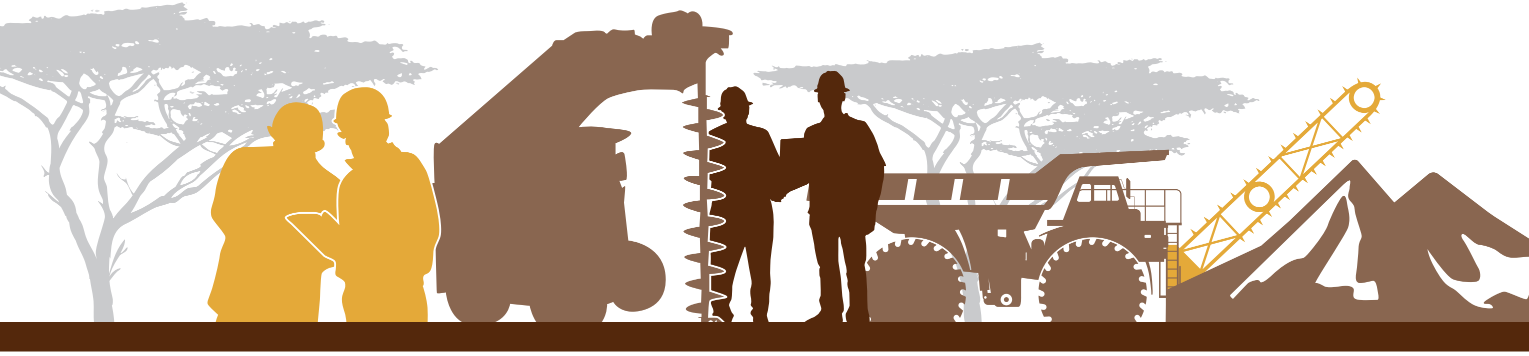
Stakeholders are integral to the group's growth and sustainability and have been identified as one of the four key strategic pillars. Stakeholder feedback and concerns are therefore carefully considered when reviewing and refining strategy. To the group's advantage, this in turn fosters realistic perceptions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

At an operational level, stakeholder engagement is the responsibility of the general and human resources managers and at a corporate office level the chief executive officer assumes this responsibility. Key concerns raised operationally are governed by the management committee and at a board level the safety, health, environment, quality and community committee (SHEQC) oversees stakeholder concerns.

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 had minimal organised labour unrest incidents. During the year, Barberton Mines did however have a one-day strike action following the issuance by the Commission for Conciliation, Mediation and Arbitration (CCMA) of a non-resolution certificate on the matter of AMCU seeking organisational rights. Management successfully interdicted AMCU as they did 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, is set out in the table below:

Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Investors	• Return on investment • Financial performance • Operational performance • Union relationships • Safe mining • Accreditations and regulatory compliance • Resources and reserves reporting • Sustainability of the business	• Results presentations and roadshows • Site visits • Regulatory communications • Ad hoc one-on-one meetings with investor community • Interim and full-year results announcements • Integrated annual report • Financier communications with respect to the group's capital structure and compliance with conditions of existing debt agreements • Media releases • Group website	• Poll results and feedback from presentations and one-on-one meetings discussed at executive management level	• Chief executive officer • Financial director
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 • Social media • Publicity and posters • Policy and procedure documents • One-on-one supervision • Contract negotiations • Performance assessments	• Discussed at operational, executive and board level	• Operational human resource managers • Group human resource executive • Group SHEQC manager
Suppliers	• Group financial performance • Sustainability • Payment track record • Growth project pipeline • Loyalty	• One-on-one meetings	• Discussed at operational and executive management level	• General managers and financial managers • Group procurement manager



Stakeholder	What matters to stakeholders	Nature of engagement	How feedback informs strategy	Responsibility
Communities	• Job creation • Corporate social investment • 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
Unions	• Health and safety • Transformation • Job security • Fair remuneration and reward	• Employee committees • Branch committees • Shaft committees • Mine committees	• Discussions between union and management occur on the mines and the outcomes are conveyed to the corporate office • Discussed at operational, executive and board level	• Group human resources executive • Shaft/mine/ branch committees
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 executive management and board level	• General managers • Chief executive officer
Customers	• Quality • Timeous delivery • Price • Volumes	• One-on-one meetings	• Discussed at executive management and board level	• General managers • Metallurgical managers

CHAIRMAN'S REVIEW

OVERVIEW

The 2015 financial year remained a challenging one for the global gold industry as the USD gold price declined by 7.0% over the year under review, and the anticipated rise in US interest rates reduced the attractiveness of holding gold as an investment.

Despite a difficult market environment, Pan African Resources is well positioned for the year ahead, and continues to provide real returns to shareholders. The group proposed a final dividend of ZAR210 million for 2015 financial year and recorded an overall profit of ZAR210.2 million. A key highlight during the year was the successful commissioning of the ETRP, which can process between 180,000 and 200,000 tonnes per month at ~0.3g/t. The ETRP will build on the success of the BTRP and, with Phoenix Platinum, now firmly establishes the group as a significant player in surface tailing retreating operations.

Pan African Resources also experienced operational difficulties, mainly due to Evander Mines' low grade cycle continuing throughout most of the year. The impact of oil contamination at the BIOX® plant at Barberton Mines further affected gold production.

The group is confident that it will be in a favourable position going forward, with improvements at our current operations, in particular at Evander where mining grades have increased significantly as expected. The Evander Mines mining licence area has significant growth potential in the longer term, with undeveloped contained attributable resources of more than 30Moz.

Further details on the group's financial results are included in the chief executive officer's and financial director's reviews on pages 30 and 40.

During the year, Pan African Resources announced the acquisition of the Uitkomst Colliery from Shanduka Resources and its joint venture operating partner. This acquisition is not indicative of a departure from our precious metals focus but was viewed by the board as an opportunity to further contribute to group earnings and cash flows.

Safe mining is a business imperative for the group and we expend considerable effort in promoting a safe and healthy work environment. Regrettably, we incurred one fatality at our Fairview Mine at Barberton Mines on 23 April 2015. As a board we extend our deepest condolences to the family, friends and colleagues of the deceased, Mr Cyprein Solomon Mkhatshwa.

MINING SUSTAINABLY

While wide-spread labour unrest continues to pose a significant risk to our industry in South Africa, we are committed to maintaining good relationships with the unions by continually adopting a proactive, consultative, open-door approach. We are pleased to report that we did not experience significant labour disruptions at our operations during the year under review.

Following the expiry of our operations' wage agreements in June 2015, we are in the process of negotiating new agreements for the years ahead. Although the road ahead in South Africa's labour environment will remain challenging, we appreciate that all parties have to cooperate in order to ensure the sustainability of our industry into the future.

The group embraces the targets for social development and community upliftment as encapsulated in the Mining Charter. Our operations made good progress in achieving these targets, most notably, the employment equity targets at management level, the ownership target, discussed below and preferential procurement. In addition, the group has made significant progress in the conversion of hostels into family units and continually endeavours to improve living conditions for mineworkers at all operations.

As part of Shanduka's restructuring and merger with Pembani, its 23.83% shareholding in Pan African Resources will now be held by three new shareholders, being the Mabindu Trust, an investment vehicle of the China Investment Corporation and Standard Bank Group Limited. We calculate that this equates to an effective 26.2% BEE ownership for purposes of the MPRDA.

We remain committed to minimising the negative environmental impacts of our operations and continuously look to improve our environmental performance. The group's environmental management is well integrated into management practices and we have established environmental targets to further reduce our resource consumption levels. We are pleased to report that during the period under review there were no significant environmental incidents at any of our operations.

In terms of our long-term environmental obligations, environmental management plans at the mines are compliant with current 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.

We strongly believe that our employees and communities should benefit from our mining activities. As such, we continue to undertake a number of employee initiatives and community projects, with the goal that they become fully sustainable in their own right, over time.

One such employee initiative implemented at Barberton and Evander Mines is an employee share ownership programme. Employees will effectively hold a 5% shareholding, through a trust, in the operations of Barberton and Evander Mines respectively. This initiative seeks to align the objectives of Pan African Resources' employees at its operations with that of management and shareholders. Value will be created for beneficiaries based on the profitability of each operation's performance. Further detail on this employee ownership scheme is shown on page 93.

The group also invested ZAR20.8 million in CSI and SED initiatives, to further uplift the communities within which we operate. Please see page 77 in this report and our sustainable development report on our website www.panafricanresources.com, for further detail on our various community projects.

GOVERNANCE

Pan African Resources is committed to the highest standards of governance. It strives to embed sound corporate governance practices into daily operations and processes throughout the group, taking into account both local (King III) and international (the UK Corporate Governance Code) best practice.

Phuti Mahanyele resigned as a non-executive director and deputy chairman, effective 30 June 2015, after serving on the board for four years. I thank Phuti for her valuable contribution to Pan African Resources' journey of growth from a junior exploration company to a mid-tier mining company.

We are pleased to have appointed Rowan Smith as an independent non-executive director on 8 September 2015 and Deon Louw as the financial director on 1 March 2015. The board is confident that their extensive experience in the South African mining sector will add value to Pan African Resources.

To Ron Holding, our outgoing chief executive – thank you for your leadership and guidance in steering Pan African Resources to where it is today. The board welcomes Cobus Loots as the new chief executive officer, effective 1 March 2015, and has full confidence that Cobus and his executive management team will continue to provide the necessary leadership required to take the group to the next level.

OUTLOOK

Looking forward to 2016, we are well positioned to improve our business and financial performance, as we continue to drive efficiencies, streamline our activities and explore growth opportunities. Specifically, the upcoming financial year will see higher grades from Evander Mines, a full year of production from the ETRP, as well as Barberton Mines' return to its previous production level. Notwithstanding the recently announced business rescue decision of International Ferro Metals Limited (IFL), Phoenix Platinum should continue to contribute cash flows and operating profit to the group, and we also hope to finalise our acquisition of the Uitkomst Colliery.

APPRECIATION

I would like to thank my fellow board members for their guidance and insight during this particularly challenging 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 2015

BOARD OF DIRECTORS

KEITH SPENCER (65)

BSc Eng (Mining)
Independent non-executive director – chairman

Appointed: 8 October 2007
Committee: Audit, SHEQC *(chairman)*

Keith is a qualified mining engineer with 47 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 including 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 Mines and Metmin Manganese Mine. In 2001 Keith became operations director for Metorex Limited.

PHUTHI MAHANYELE (44)

BA Economics, MBA
Non-executive director – deputy chairperson

Appointed: 20 July 2011
Committee: Remuneration
Resigned: 30 June 2015

Phuthi was the chief executive officer of the Shanduka group until 30 June 2015. She joined Shanduka in 2004 as the managing director of Shanduka Energy Proprietary Limited, 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 the 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 (61)

CA(SA), BCompt (Hons)
Independent non-executive director

Appointed: 12 April 2012
Committee: Audit *(chairperson)*, SHEQC

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 Witwatersrand, was a partner of Ironside Greenwood and was the national technical and training manager at BDO Spencer Steward. Hester has also previously served as the chairperson of SAICA. She currently performs board evaluations and director training for the IoDSA and serves on the following boards: Omnia Limited, Cashbuild Limited and African Dawn Capital Limited. Hester is also a trustee on the Sentinel Pension Fund.

THABO MOSOLOLI (45)

BCom (Hons), CA(SA)
Independent non-executive director

Appointed: 9 December 2013
Committee: Audit, remuneration

Thabo brings a wealth of experience in financial management, corporate governance and audit, having qualified as a chartered accountant with KPMG in 1994. Since then, he has served on various 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, a family-owned investment company strategically placed to seize B-BBEE investment opportunities.

ROWAN SMITH (51)

BSc (Hons), BCom (Hons)
Independent non-executive director

Appointed: 8 September 2014
Committee: Remuneration *(chairman)*

Rowan has nearly three decades of collective experience in the resources and investment banking industries. He was a founding shareholder and managing director of Shanduka Resources, which he helped develop from a start-up in 2002 until his departure in 2012. Key milestones achieved at Shanduka Resources included significant investments in Mondi Shanduka Newsprint, Mondi Packaging, Kangra Coal, Shanduka Coal (with Glencore), Pan African Resources, DRA, Lonmin (through Incwala), Assore and Lace Diamonds. Rowan's post-investment involvement included his representation on the executive committees and boards for most of the investee companies, including an executive directorship of the Shanduka group. Before Shanduka, Rowan was a director of Investec Bank's Mining Finance team in Johannesburg and worked on a number of debt and equity-based transactions in the sub-Saharan region. He also worked for Swiss-based Société Générale de Surveillance in Geneva, which entailed the management of audits on mineral consignments throughout the world. He started his career as a valuation geologist at the Harmony Gold mine. Rowan is currently chairman of Rail2Rail, an adviser to Athena Capital and a director of Hlanganani Capital.

COBUS LOOTS (37)

CA(SA), CFA® Charterholder
Executive director – chief executive officer

Appointed: 26 August 2009
Committee: SHEQC

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 Resources. Cobus has been a director of Pan African Resources since 2009 (financial director during 2009–2011 and a non-executive director during 2011–2013). He served as joint chief executive officer alongside Ron Holding until assuming the office of financial director on 1 October 2013. Cobus was appointed chief executive officer on 1 March 2015.

DEON LOUW (53)

CA(SA), CFA® Charterholder, PGD (Tax Law), AMCT (UK)

Executive director – financial director

Appointed: 1 March 2015

Deon has extensive finance and business experience, which includes investment banking, advisory and business administration in the finance and mining sectors. He has fulfilled the roles of financial director of Sentula Mining Limited, chief financial officer of Shanduka Coal, director of resource finance advisers and head of resource structured finance at Investec Bank.

CHIEF EXECUTIVE OFFICER'S REVIEW

HIGHLIGHTS

- Despite a lower dividend, we maintained an industry-leading dividend yield in a challenging operating environment
- The group remained profitable and cash flow generative, and we are well positioned to improve profits and cash generation in the year ahead
- BTRP continued to perform according to expectations
- Successful commissioning of ETRP
- Acquired Uitkomst Colliery (subject to suspensive conditions), which should contribute to group cash flows and earnings
- Evander Mines is now in a higher grade mining cycle

CHALLENGES

- Continued challenging global economy
- Weakened commodity prices
- Evander Mines' loss making operations
- Stability of power supply
- Wage negotiations ongoing
- Safety management to prevent DMR section 54 instructions

OVERVIEW

I am pleased to present my first chief executive officer's review for the year ended 30 June 2015. I have been a director of Pan African Resources since 2009 and during this time have been privileged to see our group grow in all respects, including the number of our operations, our production output and number of our people.

A larger group such as we are now, however, requires more management focus to ensure that returns to shareholders and other stakeholders are maximised on a sustainable basis. This is particularly true when the group's first operating and flagship asset is a mine like Barberton Mines, which has been operating in some shape or form since the 1880s and still is a very high margin and profitable operation. It is then critical that other acquisitions and new projects do not detract from the value of Barberton Mines but rather contribute further value to the group.

The current global and South African mining industry presents an incredibly challenging operating environment. Commodity prices, including the prices of gold and PGEs, have reduced substantially from the highs of a couple of years ago. In ZAR terms, the prices of gold and PGEs have not been as badly affected by the downturn as other metals. However, inflationary pressures, in particular those relating to employee costs and electricity, have contributed to eroding margins. In addition, the stability of South Africa's power supply remained a challenge during the period. Although the group's operations do not experience regular load shedding, we are required to reduce power demand over certain periods, which causes pressure on our operations in maintaining production and a safe working environment – a top priority for Pan African Resources. Furthermore, safety stoppages imposed by South Africa's DMR are also costly to operations.

The past year has also not been without challenges and setbacks specific to Pan African Resources.

> As a group, we acknowledge that we cannot abdicate our responsibility of giving our absolute best efforts to generate market-related returns for our shareholders and the expectation of our other stakeholders, simply because of the difficult operating environment.

The lower grade mining cycle at Evander Mines meant that the operation was loss making and also consumed cash generated by our other operations. The oil contamination at our BIOX® plant also cost the group in terms of gold production and sales.

We also appreciate that shareholders, current and future, have a universe of investment opportunities, and in order to attract investment and support we have to consistently differentiate ourselves.

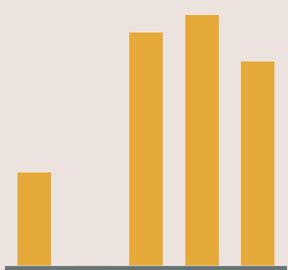
We are cognisant that one of the positive factors that differentiates us is the attractive and consistent cash returns to shareholders in the form of dividends. In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958 pence per share (2014: ZAR0.1410 per share or 0.82 pence per share), subject to approval at the AGM, which will take place on 27 November 2015. The reduced dividend is however not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year, subject to prevailing conditions. At the prevailing

CHIEF EXECUTIVE OFFICER'S REVIEW continued

share price of ZAR1.50 (7.5 pence) this represents a dividend yield of 7.6%, which remains attractive.

Other than in the 2013 financial year, when the group had to fund the acquisition of Evander Mines, we have now established a consistent track record of annual dividend payments, which for the last five years can be summarised as follows:

DIVIDEND PROPOSED
ZAR/GBP millions



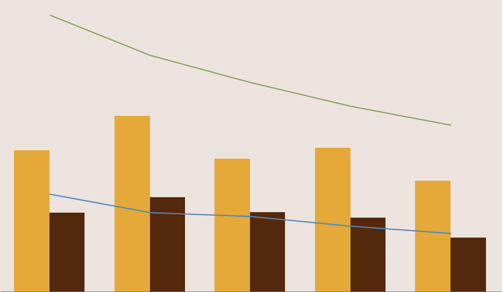
	2011	2012*	2013	2014	2015**
ZAR	95.6	0.0	240.3	258	210
GBP	7.4	0.0	14.7	14.3	9.9

* *Foregone dividend to fund the acquisition of Evander Gold Mines*
** *Proposed dividend – to be confirmed at AGM*

The fact that an attractive dividend has been recommended further demonstrates the confidence of the Pan African Resources board of directors in the group's underlying operations.

The safety and wellness of our people is of paramount importance to Pan African Resources. Although we discuss safety and health performance in other sections of the integrated report, I believe it appropriate that we emphasise the group's positive safety record as part of this report.

GROUP – LTIFR AND RIFR
Rates per million man hours



	2011	2012	2013	2014	2015
LTIFR	2.91	3.63	2.74	2.97	2.29
RIFR	1.62	1.94	1.63	1.52	1.11
LTIFR Target	5.80	4.97	4.41	3.92	3.53
RIFR Target	2.11	1.73	1.65	1.45	1.30

Even though the Evander Mines turnaround, from a low to higher grade cycle, did not occur more rapidly, the operation is now established in higher grade mining areas and is well positioned to deliver an improved performance in 2016. Further positive progress achieved during the year under review, against measures put in place in the prior period, are discussed below.

- Evander Mines ETRP was successfully commissioned on schedule and within budget. The first gold elution occurred in January 2015 and it has ramped up processing to its capacity of 180,000 to 200,000 tonnes per month at 0.31g/t. Gold production from the ETRP remains on target and its recoveries are above the 42% planned recoveries.
- The BTRP continued to perform according to expectations, with 971,627 tonnes (2014: 815,736 tonnes) being processed per annum at a headgrade of 1.4g/t (2014: 1.6g/t).
- The BIOX® plant recoveries improved to 97%, following an oil contamination that hampered production in the first six months of the financial year. Management is confident that the operational and maintenance systems implemented will mitigate the risk of future contamination.
- A total of R13.4 million was spent on improving the conveyor belt system at Evander Mines' No. 8 Shaft, which resulted in an increase in belt system availability – from 60% to 80%.
- Additional sources within Evander Mines were identified and evaluated to feed the plant. Toll treatment material from a third party was also processed during the financial year.
- Vamping[1] on Evander Mine's No. 7 Shaft was maintained for the full financial year and areas have been identified and evaluated to maintain production for the full 2016 financial year.
- The refurbishment of Fairview Nos. 2 and 3 decline shafts at Barberton Mines progressed well and on schedule. This has allowed Fairview to have an extra production shift per month.

STRATEGY

Good progress was made with the group's growth strategy, which is aimed at achieving and improving margins, while driving ongoing growth in our mineral reserve base. Our strong statement of financial position and well-established cash-generative operations are key differentiators from our peers. These provide Pan African Resources with a competitive advantage for further growth, through

[1] *Vamping is the mining of historical "leftovers" remaining after previous mining operations.*

our operations and organic project pipeline, and also position the group to capitalise on potential acquisition opportunities.

A further key differentiator is the group's commitment to empowering its employees. This is achieved through our decentralised management structure, which enables agility. Furthermore, the general managers at our operations take responsibility for delivering on targets and are rewarded accordingly. The corporate office remains very lean with only 14 employees, which assists in containing costs.

The key enablers of our strategy are: *People. Action. Results.*

PEOPLE

Our commitment to people and safety remains at the heart of our culture and is evident in the way we operate and manage the group. The group maintained an excellent safety record in terms of LTIFR and RIFR as shown on page 74. Furthermore, each of our operations has its own unique in-house safety training programme, aligned to the group's strategic objective of zero harm. Regrettably, one fatality occurred at our Fairview Mine in Barberton on 23 April 2015 when Mr Cyprein Solomon Mkhatshwa, a 26 year old diesel mechanic, was fatally injured while on duty. We extend our deepest condolences to the family, friends and colleagues of the deceased. The group continues to focus on safety and has implemented corrective actions to prevent any further recurrences.

The increase in illegal miners operating in and around the group's gold operations poses additional safety risks to our employees. As such, additional security measures have been put in place.

Wage negotiations in the mining industry remain a contentious issue that has been widely debated in the media. The new financial year's wage negotiations are ongoing and the process remains fluid.

Transformation, under the auspices of the Mining Charter and Social and Labour Plans (SLP), remains a top priority for the group. Good progress was made during the year in achieving employment equity targets at our operations. We calculate that our black ownership percentage as per the MPRDA equates to 26.2%, following the finalisation of Shanduka's restructuring transaction. More detail on this transaction can be found in our sustainable development report on the group website www.panafricanresources.com.

ACTION

Pan African Resources remains focused on creating stakeholder value through unlocking the potential

We continued to make good progress in solidifying our position as an African-focused mid-tier precious metals miner.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

of its organic surface and brownfields development projects. Some of the initiatives to positively enhance the life of mine of our assets include:

- Exploration at the Fairview Mine in Barberton, which yielded positive results, confirming the down dip extension of the high grade 11 Block of the Main Reef Complex orebody by a further 170 metres. This extension has resulted in an increase in the gold mineral reserves by 236,162 ounces, thereby extending the life of mine to 20 years.
- An internal technical team from Evander Mines has been assigned to assess the merits of developing the Evander South brownfield project to the level of a preliminary economic assessment. The Evander South project is an attractive mining opportunity whereby the Kimberley reef can potentially be exploited at shallow depths, commencing at 300 metres below surface.
- A project team was assembled to conduct a preliminary economic assessment for the Elikhulu project, the results of which will provide guidance on merits of this project. Elikhulu is a tailings retreatment plant that can potentially treat slimes at a processing capacity of up to 12 million tonnes per annum and at a headgrade of 0.28g/t from the Winkelhaak, Leslie and Kinross tailings storage facilities. The total mineral resource for Elikhulu is 165Mt at 0.28g/t (1.5Moz).

- Completing the acquisition and integration of the Uitkomst Colliery into the group.

In executing our strategy of identifying attractive acquisition opportunities, the group entered into agreements to acquire the Uitkomst Colliery. Located in KwaZulu-Natal in South Africa, it is a high grade thermal export quality coal deposit with metallurgical applications. The Uitkomst Colliery was acquired from Oakleaf and Shanduka for a cash consideration of ZAR200 million. The Uitkomst Colliery is an existing operational mine and the acquisition is expected to be earnings and cash flow accretive to Pan African Resources. It contains a coal mineral resource of 25.7 million tonnes, of which 22.1 million tonnes can be classed as measured or indicated, in accordance with the SAMREC Code. The area also has additional exploration potential. Current operations at the Uitkomst Colliery demonstrate that it can readily produce yields of high grade coal suitable for export or local metallurgical markets. The Uitkomst Colliery currently sells approximately 400,000 tonnes of coal per annum.

The acquisition will be funded from existing debt facilities and internally generated cash flows and is subject to approval by the DMR of the MPRDA section 11 mining rights transfer to Pan African Resources. The group's exposure to coal, through this acquisition, also provides a natural hedge against an anticipated increase in rising energy prices in South Africa, as the coal price and electricity costs are correlated. The Uitkomst Colliery acquisition is not a divergence from the group's existing strategy and precious metals focus.

A total of seven DMR section 54 instructions were issued during the year under review which caused stoppages to our operations. These stoppages were mainly due to certain operating procedures and administrative processes, all of which were resolved and the orders set aside.

RESULTS

Group financial performance

Group revenue year-on-year decreased by 2.7% to ZAR2,539.4 million (ZAR2,608.8 million). In terms of costs, the total cost of production was up 10.7% to ZAR1,987.4 million (2014: ZAR1,795.9 million). During the year, a profit of ZAR44.7 million (2014: ZAR39.0 million) was contributed through hedging activities.

The group's total ounces of gold sold during the financial year was 175,857oz (2014: 188,179oz), which was below our planned annual production from our current portfolio of assets and infrastructure. With our strategic initiatives in place, we anticipate achieving a target of approximately 215,000oz of gold and approximately 10,000oz of platinum for the financial year to 30 June 2016. In the longer term, there is a significant undeveloped resource of over 30Moz at Evander Mines, as detailed in the Mineral Resources and Mineral Reserves report on page 62.

Capital expenditure was focused on the commissioning of the ETRP, capital development on Evander 25 level to gain access to the higher grade panels and ensuring the infrastructure of both gold operations was maintained to sustain future production.

Please refer to the financial director's report on page 40 and the financial statements for further detail.

Operational performance

Our flagship asset, Barberton Mines, continues to underpin the group's performance with high-margin underground production. It remains one of the lowest production cost mines in South Africa. The BTRP 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.

As discussed at the beginning of my review, Evander Mines has pushed through its low grade cycle and is well positioned to deliver an improved performance going forward. Evander Mines recorded a loss as per the group's segmental reporting of ZAR32.5 million (2014: ZAR71.1 million profit) (excluding inter-company management fees and interest on funding from treasury).

At our CTRP, Phoenix Platinum's performance continued to improve as it recorded a profit of ZAR15.2 million (2014: ZAR3.7 million). Plant recovery rates increased to 44% during the year (2014: 29%), due to the adjustment of the re-agent suite and improved current arisings provided by IFL as a result of mining at their Lesedi Mine. Post the financial year-end, IFL's subsidiary was placed in business rescue which puts the tailings feed from this operation at risk. Phoenix Platinum is also dependent on IFL for the provision of certain services, including water and electricity. The impact of this business rescue process on Phoenix Platinum's operations is still uncertain but the company has access to other sources of chrome tailings with which to continue its operations.

The 10.6% depreciation of the ZAR against the USD exchange assisted as a hedge against the 7% decline in USD gold price. This resulted in the group all-in costs of ZAR425,084/kg which included ETRP capital costs of ZAR95.1 million (attributing ZAR17,389/kg to the group's all-in cost per kilogram) remaining below the average gold price received of ZAR446,274/kg.

Please refer to the individual mining operations' performance on pages 50 to 61 for further detail.

LOOKING AHEAD

Having implemented corrective strategies, the group is well positioned to deliver an improved performance in 2016. We believe there are opportunities to increase production and improve the operational performance with a view to improve the long-term productivity and economics, while continuing to create shareholder value. Going forward, the key focus areas for the group include:

- Improved operational performance at Evander Mines
- Improved cost of production profile and operational margins
- Conclusion and integration of Uitkomst Colliery into the Pan African Resources group
- Operational safety and compliance.

APPRECIATION

I extend my thanks and appreciation to Ron Holding, the outgoing chief executive officer. Ron's experience and expertise remains available to the group, through an exclusive consulting arrangement as the group's technical adviser.

We welcome Deon Louw who joined us on 1 March 2015 as financial director to further boost our executive management team.

On behalf of the executive team, we extend our thanks to our management, our general managers and all staff for their hard work and perseverance that continues to allow Pan African Resources to operate successfully. We also thank our fellow directors for their support and guidance.

We look forward to an exciting year ahead, despite the challenging environment for gold miners globally, and aim to further enhance shareholder value.

Cobus Loots
Chief executive officer

16 September 2015

EXECUTIVE AND OPERATIONS MANAGEMENT

EXECUTIVE MANAGEMENT

COBUS LOOTS (37)

Chief executive officer
CA(SA), CFA® Charterholder

Committee: SHEQC

See directorate on page 29 for CV

ANAKI KARIGANI (47)

Chief operating officer
BSc Mining Engineering, MSc Project Management

Committee: SHEQC

23 years of mining-related experience

DEON LOUW (53)

Financial director
CA(SA), CFA® Charterholder, PGD (Tax Law), AMCT (UK)

See directorate on page 29 for CV

ANDRÉ VAN DEN BERGH (59)

Executive: human resources
Diploma in Human Resources Management, Diploma in Labour Relations Management

Committee: SHEQC

40 years of mining-related experience

OPERATIONS COMMITTEE (OPSCO)

CASPER STRYDOM (57)

General manager: Barberton Mines
Mines National Higher Diploma, Metalliferous Mining Mine Managers Certificate

39 years of mining-related experience

BAND MALUNGA (42)

General manager: Evander Mines
BTech Mining Engineering

22 years of mining-related experience

OPERATIONS COMMITTEE (OPSCO) continued

BERTIN MCLEOD (38)

Plant manager: Metallurgy Phoenix Platinum
BTech: Chemical Engineering Management Development Certificate, Senior Management Development Certificate

13 years of platinum industry experience

NEAL REYNOLDS (32)

Group financial controller
BCom Accounting (Hons), CA(SA)

10 years of finance-related experience

BARRY NAICKER (42)

Group mineral resource and reserves manager
MEng Mineral Resource Management (Wits), Grad Dip Engineering (MRM), BSc (Hons) Geology and Economic Geology

14 years of mining-related experience

WAYNE ALLEN (46)

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

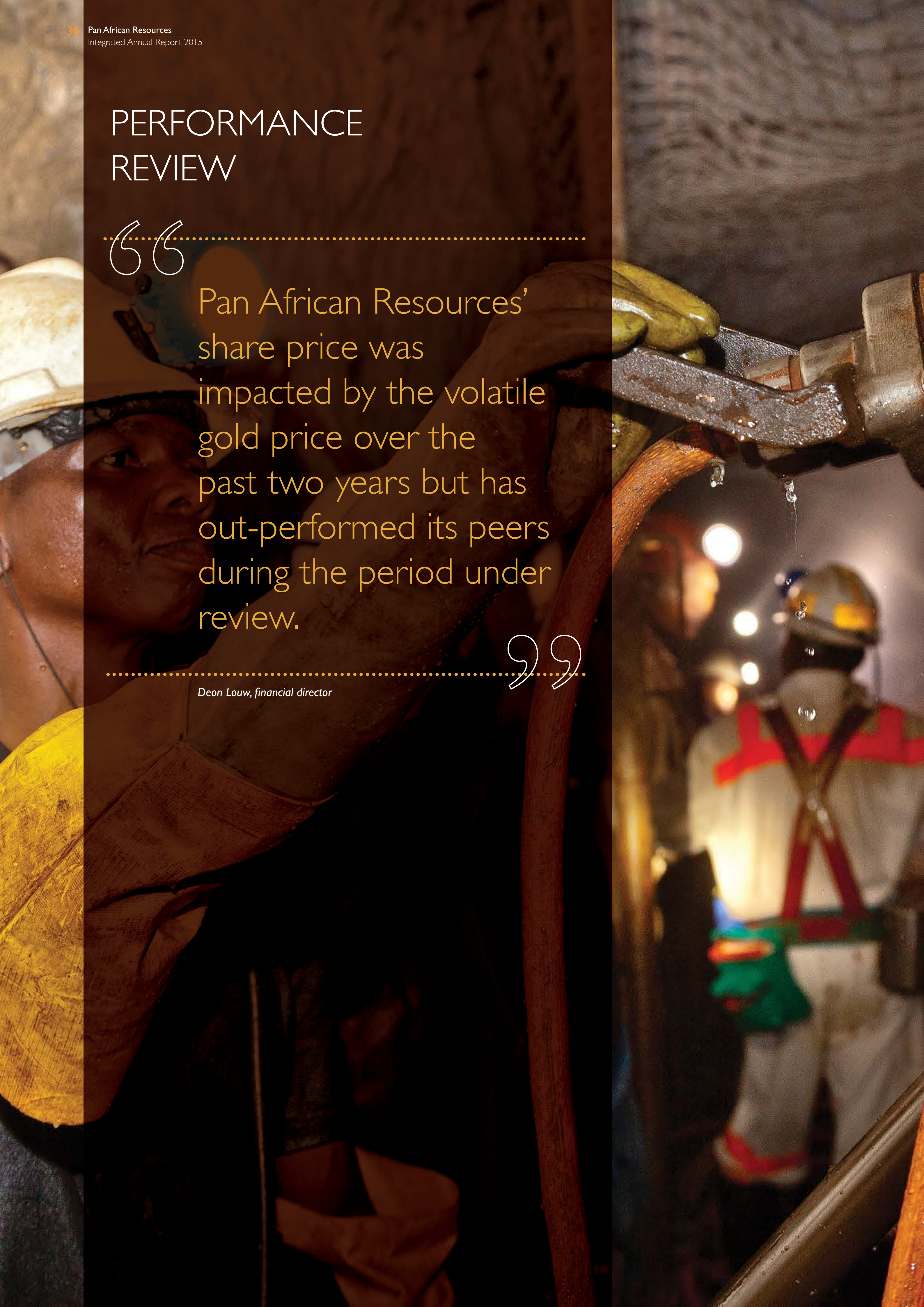
24 years of mining-related experience

MANDLA NDLOZI (44)

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

Committee: SHEQC

16 years of mining-related experience



PERFORMANCE REVIEW

“Pan African Resources’ share price was impacted by the volatile gold price over the past two years but has out-performed its peers during the period under review.”

Deon Louw, financial director

FINANCIAL DIRECTOR'S REVIEW

HIGHLIGHTS

- Payment of ZAR258 million dividend in December 2014
- Refinance of the group's existing debt facilities on favourable terms and conditions
- ETRP achieving steady state production on 1 March 2015 and increasing Evander Mines' production profile by 10,000oz of gold per annum
- Phoenix Platinum achieving 10,000oz of PGEs and remaining cash positive and profitable

CHALLENGES

- Volatile gold price environment
- PGE market prices declined
- Electricity increases and interrupted supply
- Mitigating the Evander Mines low grade mining cycle

KEY FINANCIAL STATISTICS

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR %	GBP %
Revenue	**2,539.4**	**141.1**	2,608.8	154.6	(2.7)	(8.7)
Cost of production	**(1,987.4)**	**(110.4)**	(1,795.9)	(106.4)	10.7	3.8
Mining profit	**353.4**	**19.6**	637.8	37.8	(44.6)	(48.1)
EBITDA	**512.1**	**28.4**	745.5	44.2	(31.3)	(35.7)
Profit after taxation	**210.2**	**11.7**	452.1	26.8	(53.5)	(56.3)
Headline earnings	**213.6**	**11.9**	452.0	26.8	(52.7)	(55.6)
EPS (cents/pence)	**11.48**	**0.64**	24.74	1.47	(53.6)	(56.5)
HEPS (cents/pence)	**11.67**	**0.65**	24.74	1.47	(52.8)	(55.8)
Weighted average number of shares in issue (millions)	**1,830.4**	**1,830.4**	1,827.2	1,827.2	0.2	0.2

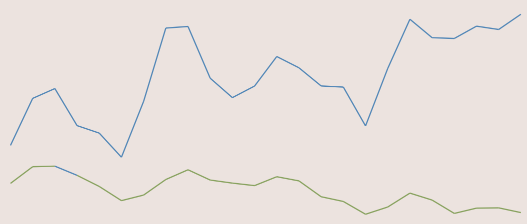
VALUE CREATION

Pan African Resources remains committed to creating value for all stakeholders. For shareholders specifically, value is determined by share price performance, sustainable earnings, cash flow growth and by consistent dividend payments. The table below shows the group's progress against these objectives and the link to our strategic pillars.

FY2015 objective	Progress in FY2015	Achieved – yes/no/partly	Link to strategic pillars
Maintain attractive dividend payments	• ZAR258 million final dividend was paid in December 2014	• Substantially achieved	• Stakeholders
Improve profitability from current operations	• The group's profits decreased materially as result of the Evander Mines low grade mining cycle and Barberton Mines' BIOX® plant oil contamination and relatively flat ZAR gold price • The group strategically entered into three collar transactions on behalf of Evander Mines to mitigate the effect of the ZAR gold price volatility during its low grade mining cycle. The collar transaction contributed profits of ZAR44.7 million (2014: ZAR39 million) before taxation	• Moderate progress	• Profitable
Implement earnings and cash flow accretive growth	• The implementation of earning accretive growth remained a challenge as a result of the low grade mining cycle at Evander Mines • Evander Mines' ETRP reached steady state production on 1 March 2015, therefore adding an additional 10,000oz gold production to the Evander Mines production profile. The ETRP will provide additional flexibility to Evander Mines during future low grade mining cycles	• Moderate progress	• Growth • Profitable

FINANCIAL DIRECTOR'S REPORT continued

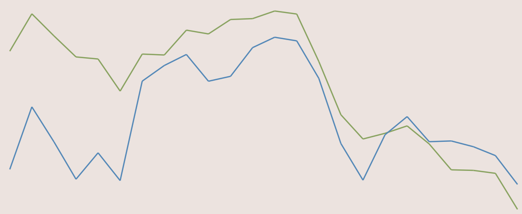
AVERAGE GOLD PRICE
USD/oz and ZAR/kg



31/07/2013 – 30/06/2015

ZAR/kg	USD/oz
410,842	1,287
431,136	1,347
435,381	1,349
419,387	1,316
416,149	1,276
405,739	1,225
429,874	1,245
461,496	1,301
462,179	1,336
439,845	1,299
431,465	1,288
436,465	1,279
449,206	1,311
444,339	1,296
436,500	1,239
436,013	1,222
419,244	1,176
444,050	1,202
465,304	1,252
457,338	1,227
456,998	1,179
462,313	1,198
460,879	1,199
467,448	1,182

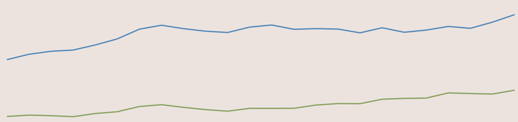
AVERAGE PGE PRICE
USD/oz and ZAR/kg



31/07/2013 – 30/06/2015

ZAR/kg	USD/oz
11,025	1,111
11,700	1,164
11,323	1,133
10,919	1,102
11,204	1,099
10,904	1,053
11,978	1,106
12,147	1,105
12,266	1,141
11,977	1,135
12,030	1,156
12,340	1,157
12,452	1,168
12,413	1,164
12,008	1,096
11,304	1,019
10,909	984
11,399	992
11,595	1,003
11,324	977
11,332	940
11,270	939
11,174	935
10,863	883

MONTHLY EXCHANGE RATES
Exchange rate



31/07/2013 – 30/06/2015

ZAR/GDP	ZAR/USD
15.07	9.93
15.56	10.05
15.83	10.00
15.94	9.91
16.40	10.19
16.95	10.35
17.83	10.83
18.19	10.99
17.88	10.75
17.65	10.55
17.53	10.41
18.02	10.66
18.21	10.66
17.82	10.66
17.88	10.96
17.84	11.09
17.50	11.09
17.96	11.49
17.55	11.56
17.75	11.59
18.08	12.06
17.91	12.00
18.47	11.96
19.15	12.31

OPERATING ENVIRONMENT

The local mining economic environment remained depressed as commodity prices continued to fall, adversely impacting profits and confidence across this sector. In addition, the average ZAR to USD exchange rate weakened by 10.6% during the year under review, as a result of structural challenges within the South African economy including the energy crisis, policy uncertainty and anaemic economic growth.

The group's profitability 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. This also drives specific costs of production and capital goods
- South African general inflation, wage rate and other price increases – determines the rate of increase in the group's costs – the most significant of which is salary and wage costs, followed by electricity costs
- GBP/ZAR exchange rate – influences the group's reporting performance in GBP
- Interest rates – determines interest payable and received for borrowings and surplus cash resources.

USD PRECIOUS METALS SPOT PRICES

During the course of the year the average USD gold and PGE basket prices achieved were substantially lower than the previous year. The group realised an average gold price of USD1,212/oz, a decrease of 7.0% from the USD1,303/oz achieved in the prior year.

The market PGE basket price (applying the Phoenix Platinum prill split) during the year decreased by 10.2% to USD1,008/oz (2014: USD1,122/oz). Phoenix Platinum achieved an average PGE basket price of USD839/oz (2014: USD965/oz), after taking into account the terms of its off-take agreement with Western Platinum Limited, a subsidiary of Lonmin PLC.

USD/ZAR EXCHANGE RATE

The group records its revenue from precious metals sales in ZAR and the depreciation 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 10.6% weaker at ZAR11.45:1 (2014: ZAR10.35:1).

Despite the lower USD gold price, the average ZAR gold price received by the group increased by 3.0% to ZAR446,274/kg (2014: ZAR433,437/kg), as a result of the weakening of the ZAR against the USD exchange rate.

The average ZAR PGE basket price received by the group decreased by 3.8% to ZAR9,603/oz (2014: ZAR9,987/oz), also benefiting to some extent from the weaker ZAR.

SOUTH AFRICAN INFLATION, WAGE RATE AND OTHER COST INCREASES

During the year the CPI was reported at 4.7% (2014: 6.6%) while PPI was recorded at 3.7% (2012: 8.1%). The group's negotiations with its recognised unions are still ongoing for the new financial year.

ELECTRICITY PRICE INFLATION

Electricity is the second largest cost contributor at ZAR275.4 million (2014: ZAR253.7 million) representing 13.9%, of the group's total cost of production. The group's electricity increases in the current year amounted to 8.6% (2014: 8%) versus the NERSA approved Eskom increases of 12.7% in the financial year. Eskom's most recent announcement alludes to potential increases of up to 25% in the 2016 financial year, which will have a material adverse effect on the group's production costs if NERSA approves the increase.

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 6.6% lower at ZAR18.00:1 when compared to the previous year (2014: ZAR16.88:1).

INTEREST RATES

The group incurs a margin of 250 basis points (previously 280 basis points) above the Johannesburg Interbank Agreed Rate (JIBAR) on any balance outstanding on its Revolving Credit Facility (RCF) and receives interest on surplus funds at quoted bank call account rates. Changes in interest rates affect the group's interest expense and income. JIBAR at 30 June 2015 was quoted at 6.0% (2014: 5.7%).

UNPACKING THE GROUP'S FINANCIAL PERFORMANCE

Revenue, costs, profitability and dividends

Performance	2015 financial year commentary
Revenue	The group's revenue, year-on-year, decreased by 2.7% to ZAR2,539.4 million (2014: ZAR2,608.8 million). The decrease was predominantly due to the following reasons: • Gold sold decreased by 6.5% to 175,857oz (2014:188,179oz) • The average ZAR gold price received increased by 3% to ZAR446,274/kg (2014: ZAR433,437/kg). This increase was driven by the weakening of the average ZAR/USD exchange rate by 10.6% to ZAR11,45:1 (2014: ZAR10,35:1) and the USD gold price decreasing by 7.0% USD1,212/oz (2014: USD1,303/oz) • Increased PGE revenues contributed an additional 1% year-on-year to the group revenue
Average gold price and PGE price	The group realised an average gold price increase of 3% to ZAR446,274/kg (2014: ZAR433,437/kg) and an average PGE basket price received was ZAR9,603/oz (2014: ZAR9,987/oz)
Cost of production	Pan African Resources' year-on-year total cost of production increased by 10.7% to ZAR1,987.4 million (2014: ZAR1,795.9 million). • The cost of production increased with the addition of the new ETRP which reached steady state production by the end of March 2015. Additional tailings and surface feedstock processed resulted in a ZAR54.1 million increase in production costs. Excluding the ETRP, the effective cost increase was 7.7% year-on-year • The group's salaries and wages remained well controlled and increased by 5.1% to ZAR910.8 million (2014: ZAR866.7 million). This increase was due to: – The wage agreement increase being linked to the consumer price index (CPI) plus 1% (7.15% and 6.6% granted to NUM and UASA respectively) – The average number of employees (excluding capital employees) decreased by 2% to 3,939 (2014: 4,020) • The group's electricity costs increased by 8.6% to ZAR275.4 million (2014:ZAR253.7 million) being lower than the Eskom increases as result of reduced electricity consumption, load clipping and S54 safety stoppages issued by the DMR
Cash costs	The group's cost of production per kilogram increased by 17.1% to ZAR349,410/kg (2014: ZAR298,345/kg) The 17.1% increase was due to: • Gold sold decreasing by 6.5% to 175,857oz (2014: 188,179oz) • The group's total cost of production, as highlighted above, increasing by 10.7% • Lower headgrades mined compared to the previous year

FINANCIAL DIRECTOR'S REPORT continued

Performance	2015 financial year commentary
All-in-sustaining cash costs	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 15.2% to ZAR402,221/kg (2014: ZAR349,008/kg). The group's all-in-sustaining cash costs were primarily impacted by: • Evander Mines' lower grade mining cycle and resultant decrease in the group's gold sold • The group's total cost of production increasing by 10.7%
All-in cost	The all-in cost per kilogram (sustaining cost of production and once-off expansion capital) increased by 13.7% to ZAR425,084/kg (2014: ZAR374,015/kg), due to: • Gold sold decreasing by 6.5% to 175,857oz (2014:188,179oz) • Once-off capital expenditure to complete the construction of the ETRP which amounted to ZAR95.1 million (2014: ZAR79.2 million). The ETRP capital expenditure equated to ZAR17,389/kg (2014: ZAR13,534/kg) of the group's all-in cost per kilogram
Gold collar derivatives	The group entered into short-term strategic hedges to protect its Evander Mines' and other operations' revenue, cash flows and dividends payments against severe adverse price movements in the ZAR price of gold. During the current financial year, the group realised a pre-tax profit of ZAR44.7 million (2014: ZAR39 million) from these transactions, which are recorded under other income and expense line in the statement of comprehensive income. The transaction income was also factored into Evander Mines all-in sustaining costs
Profit after tax and headline earnings	Profit after taxation decreased by 53.5% to ZAR210.2 million (2013: ZAR452.1 million) and the corresponding headline earnings decreased to ZAR213.6 million (2014: ZAR452.0 million), primarily due to: • The group's revenue decreasing by ZAR69.4 million • The group's cost of production increasing by ZAR191.5 million
EPS and HEPS	The group's EPS in ZAR was 11.48 cents (2014: 24.74 cents), a decrease of 53.6%. The group's HEPS in ZAR terms decreased by 52.8% to 11.67 cents (2014: 24.74 cents). The difference between the EPS and HEPS, was due to the attributable earnings being adjusted by the loss and the associated impairment upon the disposal of Auroch Minerals NL. Refer to the financial statements for the reconciliation between EPS and HEPS The EPS and HEPS is calculated by applying the group's weighted average number of shares to the attributable and headline earnings, which increased by 0.2% to 1,830.4 million (2014:1,827.2 million)
Taxation	The group's total taxation charge decreased by 38.4% to ZAR74.4 million (2014: ZAR120.8 million) due to: • A reduction in gold profit margins due to the cost of production increases and lower gold ounces sold relative to the prior year • A reduction in gold profit margins due to the cost of production increases and lower gold ounces sold relative to the prior year • A decrease in deferred taxation as a result of Evander Mines recognising unredeemed capital of ZAR322 million (2014: ZAR139.1 million) as well as an assessed loss to be carried forward of ZAR88.1 million (2014: Nil)
Dividend	The group paid a final dividend of ZAR258 million (GBP14.9 million) during December 2014 equating to ZAR0.1410 per share (0.82 pence per share), and in the prior financial year ZAR240.3 million (GBP14.9 million), equating to ZAR0.1314 per share (0.80 pence per share) In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 per share or 0.53958 pence per share (2014: ZAR0.1410 per share or 0.82 pence per share), subject to approval at the AGM which will take place on 27 November 2015. The reduced dividend is however not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year subject to prevailing conditions Note: The GBP proposed dividend was calculated based on an exchange rate of ZAR21.25:1. 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 0.53958 pence per share

FINANCIAL POSITION AND RESOURCE ALLOCATION

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR %	GBP %
Non-current assets	**4,147.1**	**220.2**	3,941.5	223.4	5.2	(1.4)
Current assets	**332.3**	**17.2**	423.4	23.5	(21.5)	(26.8)
Total equity	**2,738.5**	**147.2**	2,788.4	159.4	(1.8)	(7.7)
Non-current liabilities	**1,309.5**	**67.9**	1,144.1	63.5	14.5	6.9
Current liabilities	**431.4**	**22.4**	432.4	24.0	(0.2)	(6.7)

Non-current assets increased by 5.2% to ZAR4,147.1 million (2014: ZAR3,941.5 million). The increase was partly attributable to further capital expenditure during the year amounting to ZAR352 million (2014: ZAR363 million), and is detailed by operation below:

GROUP CAPITAL EXPENDITURE

	For the year ended 30 June 2015		For the year ended 30 June 2014		Movement	
	ZAR millions	GBP millions	ZAR millions	GBP millions	ZAR %	GBP %
Barberton Mines	**109.3**	**6.1**	110.3	6.5	(0.9)	(6.2)
BTRP	**3.3**	**0.2**	40.7	2.4	(91.9)	(91.7)
Evander Mines	**143.1**	**7.9**	131.3	7.8	9.0	1.3
ETRP	**95.1**	**5.3**	79.2	4.7	20.1	12.8
Phoenix Platinum	**0.6**	**–**	0.4	–	50.0	–
Corporate	**0.6**	**0.1**	1.1	0.1	(45.5)	–
Total capital expenditure	**352.0**	**19.6**	363.0	21.5	(3.0)	(8.9)

Included in non-current assets is the rehabilitation trust fund balance of ZAR312.3 million (2014: ZAR278.4 million), which increased by ZAR33.9 million as a result of growth in the underlying investment portfolio. The rehabilitation trust fund's investment portfolio comprises investments in guaranteed equity linked notes, government bonds and equities.

Current assets decreased by 21.5% to ZAR332.3 million (2014: ZAR423.4 million). This was as a result of *inter alia*:

- A decrease in cash on hand to ZAR64.2 million (2014: ZAR101.2 million)
- Accounts receivable decreased to ZAR184.5 million (2014: ZAR210.7 million) as a result of lower outstanding gold shipments at year-end relative to the prior year. Inventory decreased to ZAR67.6 million (2014: ZAR96.2 million) due to the Evander Mines holding lower quantities of gold bearing inventory at year-end.

The group remains liquid with a net debt position of ZAR321.1 million (2014: ZAR101.0 million) at year-end, which includes a gold loan of ZAR139.6 million. The group continues to be profitable and cash flow generative, which has resulted in group net debt being reduced from ZAR458.6 million at December 2014 to ZAR321.1 million in the six months preceding the end of the 2015 financial year.

Non-current liabilities increased by 14.5% to ZAR1,309.5 million (2014: ZAR1,144.1 million). The increase is largely attributable to the increase in the non-current portion of the revolving credit facility balance and the gold loan of ZAR314.8 million (2014: ZAR146.6 million).

Current liabilities remained relatively constant at ZAR431.4 million (2014: ZAR432.4 million), with an increase in the current portion of the revolving credit facility, the gold loan and account payable, off-set by a reduction in the year-end tax liability.

The decrease in the group's equity is a result of a decrease in retained earnings, due to the dividend paid of ZAR258 million (2014: ZAR240.3 million) for the 2015 financial year being more that the profit after taxation of ZAR210.2 million (2014: ZAR452.1 million) for the 2015 financial year.

TREASURY AND GROUP FUNDING

Revolving credit facility

The group has refinanced its existing revolving credit facility with a consortium of local banks. The new facility has a tenure of five years, and increases the revolving credit facility's limit from ZAR600 million to ZAR800 million, with a two year option at Pan African Resources'

FINANCIAL DIRECTOR'S REPORT continued

election (subject to the banks' approval) to increase the facility to ZAR1.1 billion. The revolving credit facility comes at a reduced margin (JIBAR plus 2.5% compared to 2.8%) and facility fee and provides Pan African Resources with access to a long-term debt facility with flexible terms at a competitive rate, which will be used to fund its organic and acquisitive growth aspirations.

Working capital and debt management

The group implemented a centralised treasury function in Pan African Resources Funding Company Proprietary Limited (Funding Company), a wholly owned subsidiary of Pan African Resources, with the objective of centrally managing all aspects of the group's financial risk.

SHARE PRICE AND RETURN PERFORMANCE

Pan African Resources' share price was impacted by the volatile gold price over the past two years but has out-performed its peers during the period under review, as reflected in the UK FTSE and JSE J150 gold indices graphs.

LOOKING AHEAD

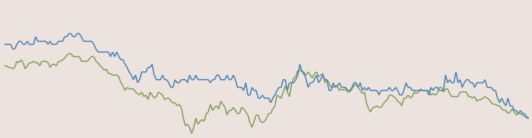
Pan African Resources' executives will be focusing on:

- Generating adequate cash flow to maintain the dividend payments
- Completing the acquisition of the Uitkomst Colliery and integrating it into the group
- Continuing to implement value accretive opportunities to grow the group's profitability.

Deon Louw
Financial director

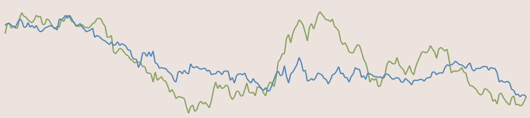
16 September 2015

PAN AFRICA RESOURCES RELATIVE TO FTSE GOLD MINES INDEX
Pence



1/07/2014 → 30/06/2015													
PAN LN	14.8	14.8	14.8	12.5	12.3	12.5	11.3	12.8	12.0	11.8	12.8	12.5	10.0
FTSE	13.4	13.5	14.0	11.5	9.6	10.5	10.6	13.0	12.0	11.3	11.9	11.4	10.0

PAN AFRICA RESOURCES RELATIVE TO JSE GOLD MINES INDEX (J150)
Cents



1/07/2014 → 30/06/2015													
PAN	267	265	256	226	214	207	202	210	219	205	215	222	189
J150	258	265	274	226	171	190	204	270	246	209	243	198	189

PRODUCTION FOR OPERATIONS

	Year ended 30 June	Units	Underground and surface operations			Tailings operations		Total continuing operations		
			Barberton Mines	Evander Mines	Total	BTRP	ETRP	Barberton Mines Total	Evander Mines Total	Group Total
Tonnes milled – underground	**2015**	**(t)**	**254,673**	**381,986**	**636,659**	**–**	**–**	**254,673**	**381,986**	**636,659**
	2014	(t)	263,574	395,127	658,701	–	–	263,574	395,127	658,701
Tonnes milled – surface (note 1)	**2015**	**(t)**	**6,076**	**266,223**	**272,299**	**–**	**–**	**6,076**	**266,223**	**272,299**
	2014	(t)	28,547	260,901	289,448	–	–	28,547	260,901	289,448
Tonnes milled – total underground and surface	**2015**	**(t)**	**260,749**	**648,209**	**908,958**	**–**	**–**	**260,749**	**648,209**	**908,958**
	2014	(t)	292,121	656,028	948,149	–	–	292,121	656,028	948,149
Tonnes processed – tailings (note 2)	**2015**	**(t)**	**–**	**–**	**–**	**971,627**	**507,444**	**971,627**	**507,444**	**1,479,071**
	2014	(t)	–	–	–	815,736	–	815,736	–	815,736
Tonnes processed – surface feedstock	**2015**	**(t)**	**–**	**–**	**–**	**–**	**139,723**	**–**	**139,723**	**139,723**
	2014	(t)	–	–	–	–	–	–	–	–
Tonnes processed – total tailings and surface feedstock	**2015**	**(t)**	**–**	**–**	**–**	**971,627**	**647,167**	**971,627**	**647,167**	**1,618,794**
	2014	(t)	–	–	–	815,736	–	815,736	–	815,736
Tonnes milled and processed – total	**2015**	**(t)**	**260,749**	**648,209**	**908,958**	**971,627**	**647,167**	**1,232,376**	**1,295,376**	**2,527,752**
	2014	(t)	292,121	656,028	948,149	815,736	–	1,107,857	656,028	1,763,885
Headgrade – underground	**2015**	**(g/t)**	**10.9**	**4.6**	**7.1**	**–**		**10.9**	**4.6**	**7.1**
	2014	(g/t)	11.5	5.2	7.7	–	–	11.5	5.2	7.7
Headgrade – surface	**2015**	**(g/t)**	**1.4**	**1.1**	**1.1**	**–**	**–**	**1.4**	**1.1**	**1.1**
	2014	(g/t)	1.3	1.4	1.4	–	–	1.3	1.4	1.4
Headgrade – total underground and surface	**2015**	**(g/t)**	**10.7**	**3.2**	**5.3**	**–**	**–**	**10.7**	**3.2**	**5.3**
	2014	(g/t)	10.5	3.7	5.8	–	–	10.5	3.7	5.8
Headgrade – tailings	**2015**	**(g/t)**	**–**	**–**	**–**	**1.4**	**0.3**	**1.4**	**0.3**	**1.0**
	2014	(g/t)	–	–	–	1.6	–	1.6	–	1.6
Headgrade – surface feedstock	**2015**	**(g/t)**	**–**	**–**	**–**	**–**	**1.1**	**–**	**1.1**	**1.1**
	2014	(g/t)	–	–	–	–	–	–	–	–
Headgrade – total tailings and surface feedstock	**2015**	**(g/t)**	**–**	**–**	**–**	**1.4**	**0.5**	**1.4**	**0.5**	**1.0**
	2014	(g/t)	–	–	–	1.6	–	1.6	–	1.6
Headgrade – total	**2015**	**(g/t)**	**10.7**	**3.2**	**5.3**	**1.4**	**0.5**	**3.3**	**1.8**	**2.6**
	2014	(g/t)	10.5	3.7	5.8	1.6	–	3.9	3.7	3.8
Recovered grade	**2015**	**(g/t)**	**9.7**	**3.0**	**5.0**	**0.8**	**0.3**	**2.7**	**1.7**	**2.2**
	2014	(g/t)	9.4	3.6	5.4	0.9	–	3.1	3.6	3.3
Overall recovery – underground operations	**2015**	**(%)**	**91%**	**97%**	**93%**	**–**	**–**	**80%**	**93%**	**85%**
	2014	(%)	90%	96%	92%	–	–	80%	96%	86%

PRODUCTION FOR OPERATIONS continued

			Underground and surface operations			Tailings operations		Total continuing operations		
	Year ended 30 June	Units	Barberton Mines	Evander Mines	Total	BTRP	ETRP	Barberton Mines Total	Evander Mines Total	Group Total
Overall recovery – tailings operations	**2015**	**(%)**	**–**	**–**	**–**	**57%**	**54%**	**57%**	**54%**	**56%**
	2014	(%)	–	–	–	56%	–	56%	0%	56%
Gold production – underground operations	**2015**	**(oz)**	**81,315**	**53,746**	**135,061**	**–**	**–**	**81,315**	**53,746**	**135,061**
	2014	(oz)	87,979	65,956	153,935	–	–	87,979	65,956	153,935
Gold production – surface operations	**2015**	**(oz)**	**178**	**9,812.53**	**9,990**	**–**	**–**	**178**	**9,813**	**9,990**
	2014	(oz)	759	10,600	11,359	–	–	759	10,600	11,359
Gold production – tailings operations	**2015**	**(oz)**	**–**	**–**	**–**	**24,283**	**2,494**	**24,283**	**2,494**	**26,776**
	2014	(oz)	–	–	–	22,885	–	22,885	–	22,885
Gold production – surface feedstock	**2015**	**(oz)**	**–**	**–**	**–**	**–**	**4,029**	**–**	**4,029**	**4,029**
	2014	(oz)	–	–	–	–	–	–	–	
Gold sold[2]	**2015**	**(oz)**	**81,493**	**63,558**	**145,051**	**24,283**	**6,523**	**105,776**	**70,081**	**175,857**
	2014	(oz)	88,738	76,556	165,294	22,885	–	111,623	76,556	188,179
Average ZAR gold price received	**2015**	**(ZAR/kg)**	**446,246**	**447,474**	**446,784**	**447,387**	**430,797**	**446,508**	**445,922**	**446,274**
	2014	(ZAR/kg)	435,464	430,801	433,304	434,394	–	435,244	430,801	433,437
Average USD gold price received	**2015**	**(USD/oz)**	**1,212**	**1,216**	**1,214**	**1,215**	**1,113**	**1,213**	**1,216**	**1,212**
	2014	(USD/oz)	1,309	1,295	1,302	1,305	–	1,346	1,295	1,303
ZAR cash cost	**2015**	**(ZAR/kg)**	**309,289**	**475,338**	**382,048**	**176,734**	**266,453**	**278,859**	**455,896**	**349,410**
	2014	(ZAR/kg)	258,972	384,150	316,948	163,977	–	239,496	384,150	298,345
ZAR all-in sustaining cash costs	**2015**	**(ZAR/kg)**	**375,914**	**532,767**	**444,644**	**185,280**	**266,453**	**332,151**	**507,980**	**402,221**
	2014	(ZAR/kg)	311,756	445,665	373,776	170,111	–	282,716	445,665	349,008
ZAR all-in cost	**2015**	**(ZAR/kg)**	**382,620**	**539,315**	**451,280**	**185,280**	**735,262**	**337,317**	**557,553**	**425,084**
	2014	(ZAR/kg)	321,342	478,933	394,330	227,286	–	302,058	478,933	374,015
USD cash cost	**2015**	**(USD/oz)**	**840**	**1,291**	**1,038**	**480**	**688**	**758**	**1,238**	**949**
	2014	(USD/oz)	778	1,154	952	493		740	1,154	897
USD all-in sustaining cash cost	**2015**	**(USD/oz)**	**1,021**	**1,447**	**1,208**	**503**	**688**	**902**	**1,380**	**1,093**
	2014	(USD/oz)	937	1,339	1,123	511		874	1,339	1,049
USD all-in cost	**2015**	**(USD/oz)**	**1,039**	**1,465**	**1,226**	**503**	**1,899**	**916**	**1,515**	**1,155**
	2014	(USD/oz)	966	1,439	1,185	683		934	1,439	1,124
ZAR cash cost per tonne (note 3)	**2015**	**(ZAR/t)**	**3,007**	**1,450**	**1,896**	**137**	**84**	**744**	**767**	**756**
	2014	(ZAR/t)	2,447	1,394	1,719	143	–	751	1,394	990
Capital expenditure (note 4)	**2015**	**(ZAR million)**	**109.3**	**143.1**	**252.5**	**3.3**	**95.1**	**112.6**	**238.2**	**350.8**
	2014	(ZAR million)	110.3	210.5	320.8	40.7	–	151.0	210.5	361.5

	Year ended 30 June	Units	Underground and surface operations			Tailings operations		Total continuing operations		
			Barberton Mines	Evander Mines	Total	BTRP	ETRP	Barberton Mines Total	Evander Mines Total	Group Total
Average exchange rate	**2015**	**(ZAR/USD)**	**11.45**	**11.45**	**11.45**	**11.45**	**12.04**	**11.45**	**11.45**	**11.45**
	2014	(ZAR/USD)	10.35	10.35	10.35	10.35	–	10.35	10.35	10.35
Revenue	**2015**	**(ZAR million)**	**1,131.1**	**884.6**	**2,015.7**	**337.9**	**87.4**	**1,469.0**	**972.0**	**2,441.0**
	2014	(ZAR million)	1,201.9	1,025.8	2,227.7	309.2	–	1,511.1	1,025.8	2,536.9
Cost of production	**2015**	**(ZAR million)**	**783.9**	**939.7**	**1,723.7**	**133.5**	**54.1**	**917.4**	**993.8**	**1,911.2**
	2014	(ZAR million)	714.8	914.7	1,629.5	116.7	–	831.5	914.7	1,746.2
All-in sustainable cost of production	**2015**	**(ZAR million)**	**952.8**	**1,053.2**	**2,006.0**	**139.9**	**54.1**	**1,092.7**	**1,107.3**	**2,200.0**
	2014	(ZAR million)	860.5	1,061.2	1,921.7	121.1	–	981.6	1,061.2	2,042.8
All-in cost of production	**2015**	**(ZAR million)**	**969.8**	**1,066.2**	**2,036.0**	**139.9**	**149.2**	**1,109.7**	**1,215.4**	**2,325.1**
	2014	(ZAR million)	886.9	1,140.4	2,027.3	161.8	–	1,048.7	1,140.4	2,189.1
Adjusted EBITDA (note 5)	**2015**	**(ZAR million)**	**301.8**	**32.4**	**334.3**	**203.7**	**15.0**	**505.5**	**47.4**	**552.9**
	2014	(ZAR million)	420.9	128.3	549.2	193.1	–	614.0	128.3	742.3

Note 1: Surface source tonnes allocated to ETRP from 1 March 2015.
Note 2: ETRP production for January and February 2015 was capitalised according to IAS 16 (204,024t producing 17kg or 547oz gold).
Note 3: Split between ETRP and Surface feedstock cost per tonne is R40.9/t and R238.3/t respectively, averaging at R84/t.
Note 4: Included in the Evander Mines capital for the prior year is an amount of ZAR79.2 million relating to the construction of the ETRP.
Note 5: Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, bargain purchase gain, impairments and loss on disposal of associate.

OPERATIONAL REVIEW
BARBERTON MINES

HIGHLIGHTS

- Increased gold mineral reserves by 236,162 ounces, resulting in the extension of the life of mine to 20 years
- Remained one of the lowest cost producers in the South African gold industry
- BTRP continued to perform well – 80,100 tonnes per month at a recovered grade of 0.8g/t

CHALLENGES

- Four DMR section 54 safety stoppage instructions halted production for a total of six days
- An oil contamination in the BIOX® plant negatively impacted production
- Production tonnes below targets

LOOKING AHEAD

- Achieving and maintaining production targets
- Achieving planned capex projects to establish new ore reserves
- Exploring new retreatment projects to extend the life of the BTRP and possible additional gold from other sources
- Continuing to maintain costs

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 mining 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.

MANAGEMENT STRUCTURE

Casper Strydom (57)

General manager

National Higher Diploma Metalliferous Mining
Mine Managers Certificate

39 years
Mining-related experience

Pierre Human (54)

Manager: mining

Mine Overseers Certificate of Competency, MDP Stellenbosch

+30 years
Mining-related experience

Jonathan Irons (49)

Manager: metallurgy

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

+25 years
Metallurgy-related experience

Hans Grobler (53)

Manager: engineering (Trackless, Consort and Surface)

Mechanical Engineers Certificate of Competency, Professional Certificated Engineer

+30 years
Engineering-related experience

Oupa Thobeha (41)

Manager: engineering (Fairview and Sheba)

National Diploma Electrical and Mechanical Engineering, N4 Business Management, Qualified Assessor

+8 years
Engineering-related experience

Essie Esterhuizen (56)

Manager: human resources

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

+30 years
HR-related experience

Martin Pieters (34)

Manager: finance and administration

BCom Accounting, BCom (Hons) Financial Management, CIMA, CGMA, BA (Theology)

4 years
Mining-related experience

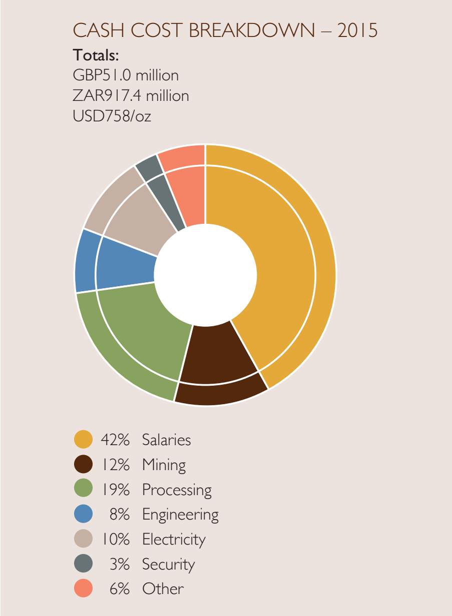
Elize Jacobs (38)

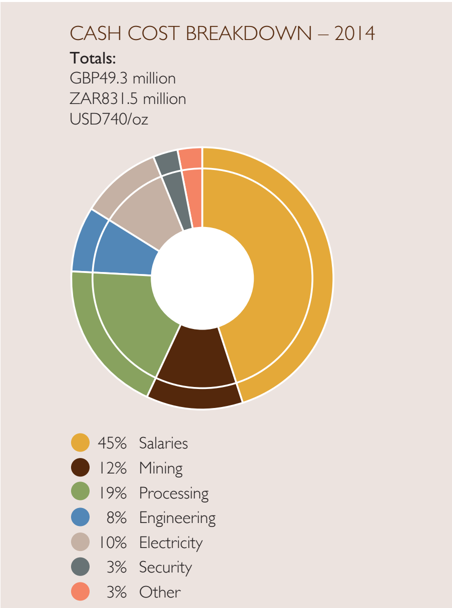
Manager: group procurement

Bluris

+5 years
Mining-related experience

OPERATIONAL REVIEW: BARBERTON MINES continued





THE YEAR IN REVIEW

Sales and production

Barberton Mines' (including BTRP) gold sold decreased by 5.2% to 105,776oz (2014: 111,623oz). The total combined ZAR cash cost per kilogram term, increased by 16.4% to ZAR278,859 (2014: ZAR239,496/kg). The combined USD cash costs per ounce increased by 2.4% to USD758/oz (2014: USD740/oz).

Barberton Mines' (excluding BTRP) gold sold decreased by 8.2% to 81,493oz (2014: 88,738oz). Tonnes milled from mining operations decreased by 10.7% to 260,749t (2014: 292,121t), due to a decrease in surface tonnes milled to 6,076t (2014: 28,547t) and the underground mining tonnes decreased to 254,673t (2014: 263,574t). The underground headgrade dropped to 10.9g/t (2014: 11.5g/t). The decrease in gold sold from underground and surface mining operations was largely due to the BIOX® plant oil contamination and operational S54 safety stoppages enforced by the DMR. Operational and maintenance systems have been implemented to mitigate the risk of future oil contaminations, and safety improvements.

Barberton Mines' (excluding BTRP) ZAR cash costs per kilogram terms increased by 19.4% to ZAR309,289/kg (2014: ZAR258,972/kg), while USD cash costs per ounce increased by 8.0% to USD840/oz (2014: USD778/oz). The cash cost increases were exacerbated by lower gold production due to the BIOX® plant's oil contamination and the DMR stoppages affecting tonnage production.

The total cost of production (including off-mine costs) increased by 10.3% to ZAR917.4 million (2014: ZAR831.5 million). The main year-on-year cost contributors were the following:

- Salaries and wages increased by 4.7% to ZAR387.2 million (2014: ZAR369.9 million). The increase was as a result of the wage agreement settlement, which was average CPI plus 1% (7.15% and 6.6% granted to NUM and UASA respectively). The total increase in salaries and wages was lower than the increase in the wage agreement as a result of lower incentives paid (which are linked to the mine's productivity and profitability). In addition to this the average number of employees (excluding capital employees) employed during the year decreased by 1% to 1,675 (2014: 1,690).
- Mining costs increased by 5.3% to ZAR108 million (2014: ZAR102.6 million), mainly due to an increase in vamping contractors' costs of 6.5%. The mining costs excluding those of the vamping contractors' remained flat year-on-year as a result of the lower tonnages mined.
- Processing costs (excluding the BTRP) decreased by 1.6% to ZAR60.8 million (2014: ZAR61.8 million) because of the lower tonnages mined and therefore processed.
- Engineering and technical services costs increased by 12.2% to ZAR71.8 million (2014: ZAR64.0 million). Barberton Mines incurred an additional cost of ZAR7.4 million for secondary support on Fairview Mine to assist in accessing additional high grade pillars and panels.
- The cost of electricity increased by 11.5% to ZAR95.8 million (2013: ZAR85.9 million).

Electricity costs excluding the BTRP increased by 9.3% to ZAR83.8 million (2014: ZAR76.7 million), which was lower than the average 12.7% increase in Eskom tariffs due to lower tonnages mined from underground. The electricity cost of the BTRP increased by 30.4% to ZAR12.0 million (2014: ZAR9.2 million), due to throughput tonnes processed increasing by 19.1%, combined with Eskom tariff increases of 12.7%.

- Security costs were well controlled and only increased by 3.0% to ZAR27.6 million (2014: ZAR26.8 million).
- Administration and other costs increased by 0.6% to ZAR33.4 million (2014: ZAR33.2 million).
- The BTRP operating costs increased by 14.4% to ZAR133.5 million (2014: ZAR116.7 million) as a result of the additional 155,891 tonnes processed for the year under review. There was an additional increase in the lime costs of ZAR6.1 million to assist with the BTRP thickener settlement. Installation and equipping costs also increased by ZAR7.2 million mainly due to corrosion maintenance performed on the three carbon in leach tanks at the BTRP to sustain production levels.

Barberton Mines' ZAR combined all-in cash cost per kilogram increased by 11.7% to ZAR337,317/kg (2014: ZAR302,058/kg). The total combined USD all-in cash cost per ounce decreased by 1.9% to USD916/oz (2014: USD934/oz). This increase in the ZAR all-in cash costs was mainly as a result of the following:

- Decrease in gold sold by 5.2% to 105,776oz (2014: 111,623oz)
- Cost of production increased by 10.3% to ZAR917.4 million (2014: ZAR831.5 million)
- The increase was offset by a decrease in capital expenditure to ZAR112.6 million (2014: ZAR151 million) with the finalisation of the BTRP construction of ZAR40.7 million in the prior year.

Capital expenditure

Total capital expenditure at Barberton Mines decreased by 25.4% to ZAR112.6 million (2014: ZAR151 million). Maintenance capital expenditure of ZAR44.2 million (2014: ZAR33.3 million) and development capital expenditure of ZAR53.7 million (2014: ZAR50.5 million) was incurred.

Expansion capital of ZAR14.7 million (2014: ZAR67.2 million) was spent on the development of the Fairview ventilation raise borehole project to improve operating environment conditions. Expansion capital incurred in the prior year was ZAR26.5 million for the Fairview ventilation raise borehole project and ZAR40.7 million for the finalisation and commissioning of the BTRP.

New ore reserve and exploration drilling projects have yielded positive results, confirming the down dip extension of the high grade 11 Block of the MRC orebody by a further 170 metres. This extension to the MRC orebody has resulted in an annual increase in Barberton Mines' mineral reserves by 236,162 ounces, thereby extending the life of mine of Barberton Mines to 20 years.

The Fairview MRC orebody has been the primary gold contributor towards gold produced at Barberton Mines. This orebody is an epigenetic hydrothermal lode-gold deposit with a strike length that ranges between 70 – 120 metres and also extending to depth. Gold mineralisation is associated with arsenopyrite and pyrite with an average reserve grade of 35g/t that has been declared for the MRC. The mineralised widths range between 7 – 15 metres.

Recent borehole results in the 11 Block are detailed below:

Borehole number	Channel width cm	Grade g/t
Bh 5940	687	53.30
Bh 5816	691	120.03
Bh 5849	1,626	50.22
Bh 5864	1,383	43.82

LOOKING AHEAD

Barberton Mines aims to improve levels of production by focusing on BIOX® recoveries, increased tonnages aligned with our incentive system, in conjunction with cost containment in order to avoid margin erosion. The management team remains committed to improving their safety performance and working with the DMR to reduce safety stoppages.

BTRP

Sales and production

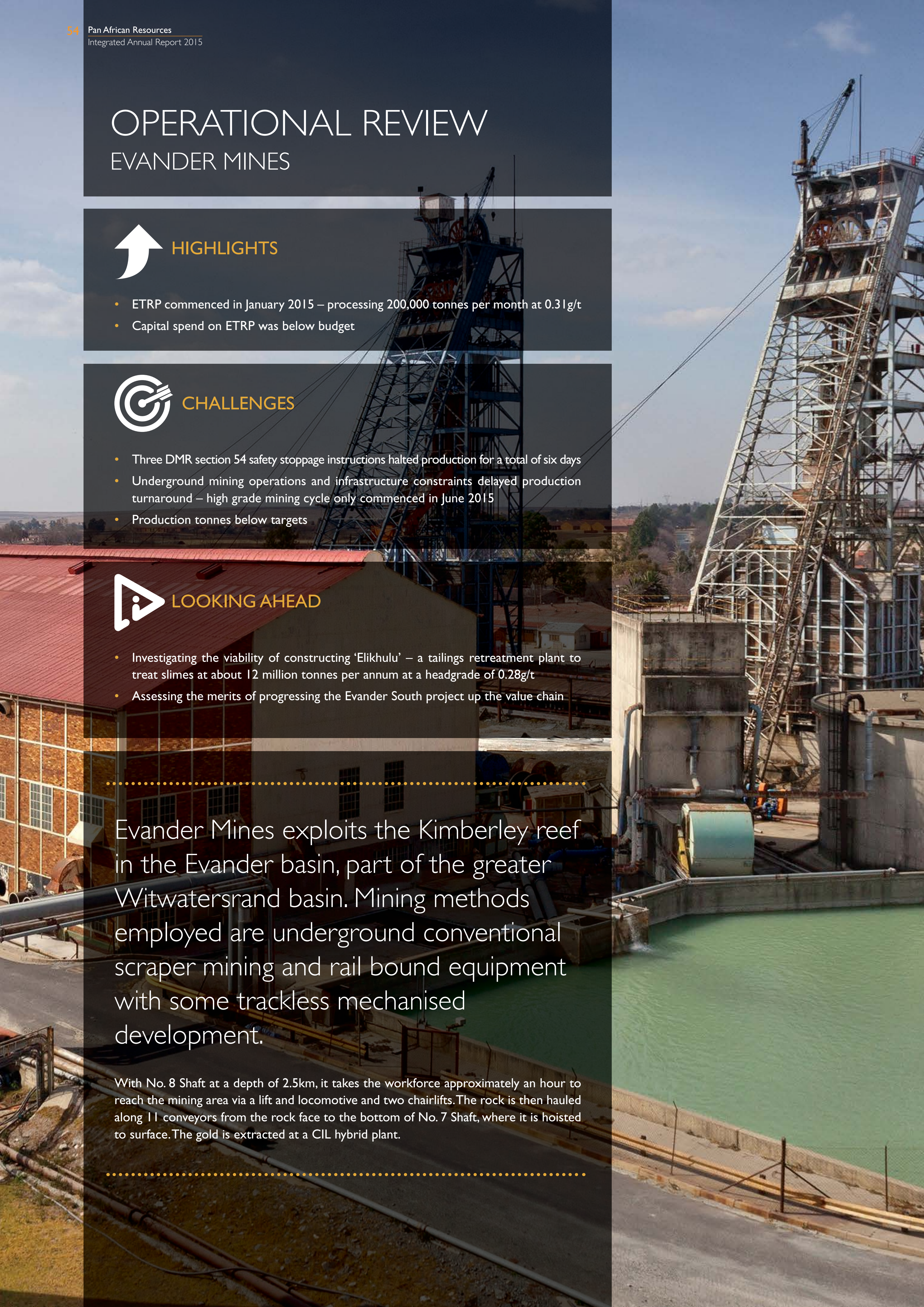
Gold sold from the BTRP was 24,283oz (2014: 22,885oz) for the year. Tonnes processed improved to 971,627t (2014: 815,736t) at a lower headgrade of 1.4g/t (2014: 1.6g/t) which was offset by an increase in tonnes processed and an increase in plant recoveries to 57% (2014: 56%).

Barberton Mines' (excluding BTRP) ZAR cash costs per kilogram increased by 19.4% to ZAR309,289/kg (2014: ZAR258,972/kg), while USD cash costs per ounce increased by 8.0% to USD840/oz (2014: USD778/oz). The cash cost increases were worsened by lower gold production due to the BIOX® plant's oil contamination and the DMR stoppages affecting tonnage production.

The BTRP's ZAR cash costs increased by 7.8% to ZAR176,734/kg (2014: ZAR163,977/kg) and USD cash costs per ounce were USD480/oz (2014: USD493/oz).

LOOKING AHEAD

The Sheba and New Consort tailings dams will provide potential future sources of tailings which has supported the increased BTRP life of operation to 15 years (2014: 12 years) The BTRP has a mineral reserve of 0.6Moz (13.4Mt @ 1.5g/t). The BTRP payback period was 18 months since commissioning on 1 July 2013, therefore the increase in the BTRP life of operation will result in further surplus free cash flows.



OPERATIONAL REVIEW
EVANDER MINES

HIGHLIGHTS

- ETRP commenced in January 2015 – processing 200,000 tonnes per month at 0.31g/t
- Capital spend on ETRP was below budget

CHALLENGES

- Three DMR section 54 safety stoppage instructions halted production for a total of six days
- Underground mining operations and infrastructure constraints delayed production turnaround – high grade mining cycle only commenced in June 2015
- Production tonnes below targets

LOOKING AHEAD

- Investigating the viability of constructing 'Elikhulu' – a tailings retreatment plant to treat slimes at about 12 million tonnes per annum at a headgrade of 0.28g/t
- Assessing the merits of progressing the Evander South project up the value chain

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 2.5km, 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 hybrid plant.

MANAGEMENT STRUCTURE

Band Malunga (42)
General manager
BTech Mining Engineering
22 years Mining-related experience

Marius Pelser (57)
Manager: mining
Mine Overseers Certificate of Competency
39 years Mining-related experience

Thabang Masuku (37)
Manager: metallurgy
National Diploma in Chemical Engineering, BTech Metallurgy
8 years Mining-related experience

Bernhard Lindner (52)
Manager: engineering
National Higher Diploma Mechanical Engineering, Engineering Certificate of Competency
33 years Mining-related experience

Walter Seymore (37)
Manager: ore reserve
National Diploma in Geotechnology
16 years Mining-related experience

Anthony Maki (47)
Manager: human resources
Master of Business Administration, Advanced Diploma in Labour, Relations, National Diploma in Human Resources
13 years Mining-related experience

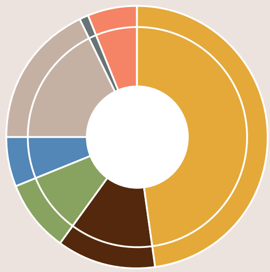
Craig de Billot (45)
Manager: finance and administration
BCompt (Hons)
21 years Mining-related experience

Dr Lerato Maiphetlho (45)
Manager: occupational medical practitioner
BSc Med, MBChB, FCPHM(SA) OM, MMed (COM)
6 years Medical-related experience

OPERATIONAL REVIEW: EVANDER MINES continued

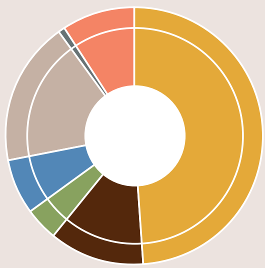
CASH COST BREAKDOWN – 2015

Totals:
GBP55.2 million
ZAR993.8 million
USD1,238/oz



CASH COST BREAKDOWN – 2014

Totals:
GBP54.2 million
ZAR914.7 million
USD1,154/oz



THE YEAR IN REVIEW

Sales and production

For the year under review Evander Mines' gold sold decreased by 8.5% to 70,081oz (2014: 76,556oz). Underground and surface sources tonnes milled decreased by 1.2% to 648,209t (2014: 656,028t). The decrease in tonnes milled was largely due to challenges related to underground mining operations and infrastructure constraints, Eskom power interruptions and DMR safety stoppages.

These issues adversely impacted production output. The mine has implemented corrective actions, including improved maintenance protocols on the underground conveyor belt system, thereby improving availability of the conveyor belts from 60% to 80%. The mine also improved the monitoring and pump infrastructure of its No. 8 Shaft dewatering pumps, thereby reducing the risk of shaft flooding. The on-site management team has been strengthened with a renewed management focus on achieving operational and production targets.

The total cost of production (including off-mine costs) increased by 8.6% to ZAR993.8 million (2014: ZAR914.7 million). The cost of production includes additional cost in relation to the new ETRP plant and related surface feedstock. The cost of production (excluding the ETRP costs) therefore only increased by 2.7% to ZAR939.7 million.

The combined ZAR cash costs per kilogram increased by 18.7% to ZAR455,896/kg (2014: ZAR384,150/kg). USD cash costs per ounce increased by 7.3% to USD1,238/oz (2014: USD1,154/oz). This increase was mainly as a result of the lower grade cycle which led to gold sales decreasing by 8.5% to 70,081oz (2014: 76,556oz) and the cost of production increasing by 8.6% to ZAR993.8 million (2014: ZAR914.7 million).

ETRP

Pan African Resources remains focused on creating stakeholder value through unlocking the potential of its organic surface and brownfield exploration projects. In this regard, Evander Mines successfully commissioned its ETRP and the first gold was eluted in January 2015. The ETRP has now ramped up processing to its capacity of 180,000 to 200,000 tonnes per month at 0.3g/t of tailings and 1.1g/t of surface feedstock. Gold production from the ETRP was on target and its recoveries from tailings sources are currently above plan at 48% (plan 42%), while additional surface sources aided in increasing the ETRP overall recovery to 53.7%.

The ETRP was operational for four months of the current financial year and its ZAR cash costs per kilogram amounted to ZAR266,453/kg, equating to USD cash costs per ounce of USD688/oz. The ETRP contributed an additional 2,494 ounces of gold from its tailings sources and 4,029 ounces from surface feedstock.

The total construction capital spend on the ETRP was approximately ZAR174.3 million, which was substantially below the original ZAR200 million project budget.

Growth projects at Evander Mines

An internal technical team from Evander Mines has been assigned to assess the merits of developing the

Evander South project to the level of a preliminary economic assessment. The Evander South project is an attractive mining opportunity whereby the Kimberley reef can potentially be exploited at shallow depths, commencing at 300 metres below surface. Evander South has an estimated mineral resource of 4.9Moz (20.1Mt @ 7.7g/t).

In light of the positive results of the ETRP, Pan African Resources will undertake a preliminary economic assessment on the viability of constructing 'Elikhulu', a tailings retreatment plant at Evander Mines, which can potentially treat slimes at a processing capacity of up to 12 million tonnes per annum and at a headgrade of 0.28g/t from the Winkelhaak, Leslie and Kinross tailings storage facilities. The total mineral resource for Elikhulu is 165 million tonnes at 0.28g/t (1.5Moz).

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

- Salaries and wages increased by 5.4% to ZAR473.0 million (2014: ZAR448.9 million). The increase was as a result of the Chamber of Mines wage agreement which was average CPI plus 1% (7.15% and 6.6% granted to NUM and UASA respectively). The increase was lower than the average Chamber increase, due to the implementation of a voluntary separation programme to optimise employee numbers. The average number of employees (excluding capital employees) employed during the year decreased by 2.8% to 2,247 (2014: 2,312). The ETRP employed an additional 13 employees during the year. The cost of the voluntary separation programme was ZAR12.9 million and was recorded in other income and expenses on the statement of comprehensive income and factored into Evander Mines' all-in sustaining costs per kilogram.
- Mining costs increased by 6.2% to ZAR120.3 million (2014: ZAR113.3 million) due to additional vamping occurring in No. 2 and 3 declines, and inflation-linked cost increases.
- Processing costs increased by 174.3% to ZAR88.6 million (2014: ZAR32.3 million), due to the additional ETRP costs of ZAR51 million.
- Engineering and technical services costs increased by 1.6% to ZAR64.9 million (2014: ZAR63.9 million).
- Electricity and water costs increased by 7.1% to ZAR175.8 million (2014: ZAR164.2 million). The electricity costs that related to the ETRP amounted to ZAR2.1 million for the four months ended 30 June 2015. The increase in electricity and water excluding the ETRP increased by 5.8% to ZAR173.7 million (2014: ZAR164.2 million). The Eskom electricity tariff increase implemented for the period under review was 12.7%, however Evander Mines electricity consumption decreased due to power optimisation projects, load clipping, and section 54 safety stoppages issued by the DMR.
- Security costs decreased by 11.8% to ZAR11.2 million (2014: ZAR12.7 million) as a result of renegotiated rates.
- Administration and other costs decreased by 13.1% to ZAR51.3 million (2014: ZAR59.0 million) as result of management's drive to reduce unnecessary overheads during the low grade cycle.
- ETRP cost of production which is incorporated in the production costs listed above amounted to ZAR54.1 million. The ETRP costs comprise ZAR51 million for processing costs, ZAR2.1 million for electricity and ZAR1 million for salaries.

Evander Mines' ZAR combined all-in cash cost per kilogram increased by 16.4% to ZAR557,553/kg (2014: ZAR478,933/kg). The total combined USD all-in cash cost per ounce decreased by 5.3% to USD1,515/oz (2014: USD1,439/oz). This increase in all-in cash costs was mainly as a result of the following:

- Decrease in gold produced by 8.5% to 70,081oz (2014: 76,556oz)
- Cost production increased by 8.6% to ZAR993.8 million (2014: ZAR914.7 million)
- Once-off expansion capital related to the ETRP plant construction of ZAR95.1 million (2014: ZAR79.2 million), equating to ZAR43,597/kg (2014: ZAR33,268/kg).

Capital expenditure

Total capital expenditure at Evander Mines was ZAR238.2 million (2014: ZAR210.5 million). Maintenance capital expenditure was ZAR38.6 million (2014: ZAR27.9 million) and development capital expenditure was ZAR104.5 million (2014: ZAR103.4 million). Expansion capital related to the ETRP plant construction was ZAR95.1 million (2014: ZAR79.2 million).

LOOKING AHEAD

Evander Mines will assess the merits of developing the Evander South project to further boost production levels. Evander Mines will continue to investigate the viability of constructing the Elikhulu tailings retreatment plant to treat slimes at about 12 million tonnes per annum at a headgrade of 0.28g/t, with a specific focus on reducing the overall project capital.

OPERATIONAL REVIEW
PHOENIX PLATINUM

HIGHLIGHTS

- 44% increase in PGE ounces sold
- Increase in PGE recoveries from 29% to 44%
- Capital spend on ETRP was below budget

CHALLENGES

- Declining commodity prices
- International Ferro Metals business rescue proceedings

LOOKING AHEAD

- Optimising mineral reserves from Elandskraal and Kroondal (122.534oz)
- Continuing to contain costs

Phoenix Platinum recovers PGEs from CTRP located on IFL's Lesedi Mine. The Buffelsfontein, Elandskraal and Kroondal mineral resources originate from the mining of chromitite seams from the Bushveld Igneous Complex.

The Bushveld Igneous Complex is host to the world's largest deposits of PGEs. The operation is expected to produce PGEs over a life of mine 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 Mooi Nooi Smelter for toll extraction.

The CTRP was designed to treat sulphide material from the Lesedi Mine, which is supplied to Phoenix Platinum with sulphide-rich material, as a current arising.

MANAGEMENT STRUCTURE

Bertin Mcleod (38)
Plant manager: metallurgy
BTech Chemical Engineering Management Development Certificate, Senior Management Development Certificate
13 years Platinum industry-related experience

John Martin (59)
Plant engineer
Mine Overseers Certificate of Competency, MDP Stellenbosch
+27 years Engineering-related experience

Avinash Kandhai (33)
Cost accountant
BTech Accounting
9 years Platinum industry-related experience and 10 years financial experience

Hendrik Snyman (42)
Manager: Metanza[1]
BEng Metallurgical (Extractive), Certificate in Business Management, Certificate in Leadership Programme, Professional Engineer
+17 years Metallurgy-related experience

Hector Mapheto (35)
Operations manager: Metanza[1]
BSc Eng Chemical, Professional Engineering
10 years Metallurgy-related experience

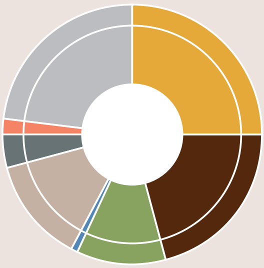
Daniel Maponya (35)
Site manager: Fraser[2]
National Diploma: Civil Engineering, Mine Residue Deposits Certificate, BTech: Engineering Water
7 years Seven years of tailings dams experience

[1] *Metanza Mineral Processors Proprietary Limited provides differentiated outsourced operations and maintenance services to the mineral processing industry.*
[2] *Fraser Alexander outsources the operation and maintenance of mineral processing plants.*

OPERATIONAL REVIEW: PHOENIX PLATINUM continued

CASH COST BREAKDOWN – 2015

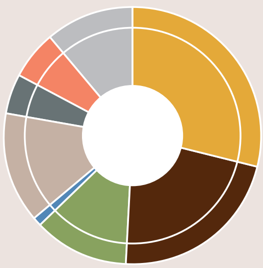
Totals:
GBP3.8 million
ZAR67.8 million
USD578/oz



- 25% Labour
- 21% Site production cost
- 11% Tailings cost
- 1% Transport and lab cost
- 13% Consumables
- 4% Indirect site cost
- 2% Administration cost
- 23% Realisation and refining

CASH COST BREAKDOWN – 2014

Totals:
GBP3.3 million
ZAR55.6 million
USD746/oz



- 29% Labour
- 22% Site production cost
- 12% Tailings cost
- 1% Transport and lab cost
- 14% Consumables
- 5% Indirect site cost
- 6% Administration cost
- 11% Realisation and refining

PGE PRODUCTION TABLE:

	Year ended 30 June	Units	Tailings operations Phoenix Platinum
Tonnes processed – tailings	**2015**	**(t)**	**262,119**
	2014	(t)	251,182
Headgrade – tailings	**2015**	**(g/t)**	**3.31**
	2014	(g/t)	3.65
Overall recovery	**2015**	**(%)**	**44**
	2014	(%)	29
PGE sold	**2015**	**(oz)**	**10,245**
	2014	(oz)	7,204
Average ZAR PGE price received	**2015**	**(oz)**	**9,603**
	2014	(oz)	9,987
Average USD PGE price received	**2015**	**(USD/oz)**	**839**
	2014	(USD/oz)	965
ZAR cash cost	**2015**	**(ZAR/oz)**	**6,621**
	2014	(ZAR/oz)	7,723
ZAR all-in sustaining cash costs	**2015**	**(ZAR/kg)**	**7,016**
	2014	(ZAR/kg)	7,977
ZAR all-in cost	**2015**	**(ZAR/kg)**	**7,016**
	2014	(ZAR/kg)	7,977
USD cash cost	**2015**	**(USD/oz)**	**578**
	2014	(USD/oz)	746
USD all-in sustaining cash cost	**2015**	**(USD/oz)**	**613**
	2014	(USD/oz)	771
USD all-in cost	**2015**	**(USD/oz)**	**613**
	2014	(USD/oz)	771
ZAR cash cost per tonne	**2015**	**(ZAR/t)**	**259**
	2014	(ZAR/t)	222
Capital expenditure	**2015**	**(ZAR million)**	**0.6**
	2014	(ZAR million)	0.4
Average exchange rate	**2015**	**(ZAR/USD)**	**11.45**
	2014	(ZAR/USD)	10.35
Revenue	**2015**	**(ZAR million)**	**98.4**
	2014	(ZAR million)	71.9
Cost of production	**2015**	**(ZAR million)**	**67.8**
	2014	(ZAR million)	55.6
All-in sustainable cost of production	**2015**	**(ZAR million)**	**71.9**
	2014	(ZAR million)	57.5
All-in cost of production	**2015**	**(ZAR million)**	**71.9**
	2014	(ZAR million)	57.5
Adjusted EBITDA	**2015**	**(ZAR million)**	**27.7**
	2014	(ZAR million)	16.0

THE YEAR IN REVIEW

Sales and production

Phoenix Platinum made good progress on improving operations in the year under review. PGE ounces sold increased by 42.2% to 10,245oz PGE (2014: 7,204oz PGE). Overall plant recoveries increased significantly to 44% (2014: 29%). The cessation of International Ferro Metals Limited (IFL) operations at Skychrome, which mined mainly oxidised material and its replacement with sulphide material from its underground operation at Lesedi Mine resulted in an improvement in the quality of feedstock being treated; this in conjunction with the introduction of new re-agents in the metallurgical process were the main contributors to the higher recoveries.

Pan African Resources' shareholders are referred to the regulatory announcement published on 26 August 2015 by IFL, and a follow-on announcement by Pan African Resources on 27 August 2015, whereby IFL announced that as a result of deteriorating business conditions, its South African subsidiary, International Ferro Metals (SA) Proprietary Limited (IFMSA), has entered into business rescue. Business rescue is a statutory means of enabling a financially distressed company to continue business, under the supervision of a business rescue practitioner, protected from its creditors.

Phoenix Platinum is situated on the IFMSA property and a portion of the feedstock for the Phoenix Platinum operation (currently approximately 20%) is obtained from tailings arising from IFMSA's current processing activities. Phoenix Platinum is not solely reliant on material from IFMSA and has alternative sources of feedstock. Phoenix Platinum sources electricity, water and certain other services from IFMSA.

At this stage, Phoenix Platinum is not in a position to fully assess the impact of the business rescue proceedings on the operation. Phoenix Platinum and Pan African Resources will work closely with the IFMSA business rescue practitioner to ensure that the operations and interests of Phoenix Platinum are safeguarded, which includes the services currently provided by IFMSA. All stakeholders will be kept informed as these discussions progress.

Phoenix Platinum will be looking at alternative feedstock from its Elandskraal and Kroondal tailings dams to maintain production and mitigate any shortfalls arising from IFMSA.

The effective average ZAR PGE basket price received decreased by 3.8% to ZAR9,603/oz (2014: ZAR9,987/oz). Cost per ounce of production decreased by 14.3% to ZAR6,62/oz (2014: ZAR7,723/oz). In USD terms the PGE basket price received decreased by 13.1% to USD839/oz (2014: USD965/oz). The USD cash costs per ounce decreased by 22.5% to USD578/oz (2014: USD746/oz).

The total cost of production increased by 21.9% to ZAR67.8 million (2014: ZAR55.6 million). The main year-on-year cost contributors were the following:

- Salaries and wages increased by 10.7% to ZAR19.6 million (2014: ZAR17.7 million), comprising a standard increase of 7.5% granted to the employees and also incentive bonus scheme for achieving production and profit targets.
- Processing costs increased by 30.9% to ZAR43.6 million (2014: ZAR33.3 million). The plant incurred higher chrome content and increased tonnages delivered to the smelter, resulting in chrome charges and refining charges increasing to ZAR13.7 million (2014: ZAR7.2 million).
- Electricity costs increased by 2.8% to ZAR3.7 million (2014: ZAR3.6 million). Phoenix Platinum electricity costs increases were below Eskom's tariff increase of 12.7% due to the optimisation of the plant's mill to reduce power consumption.

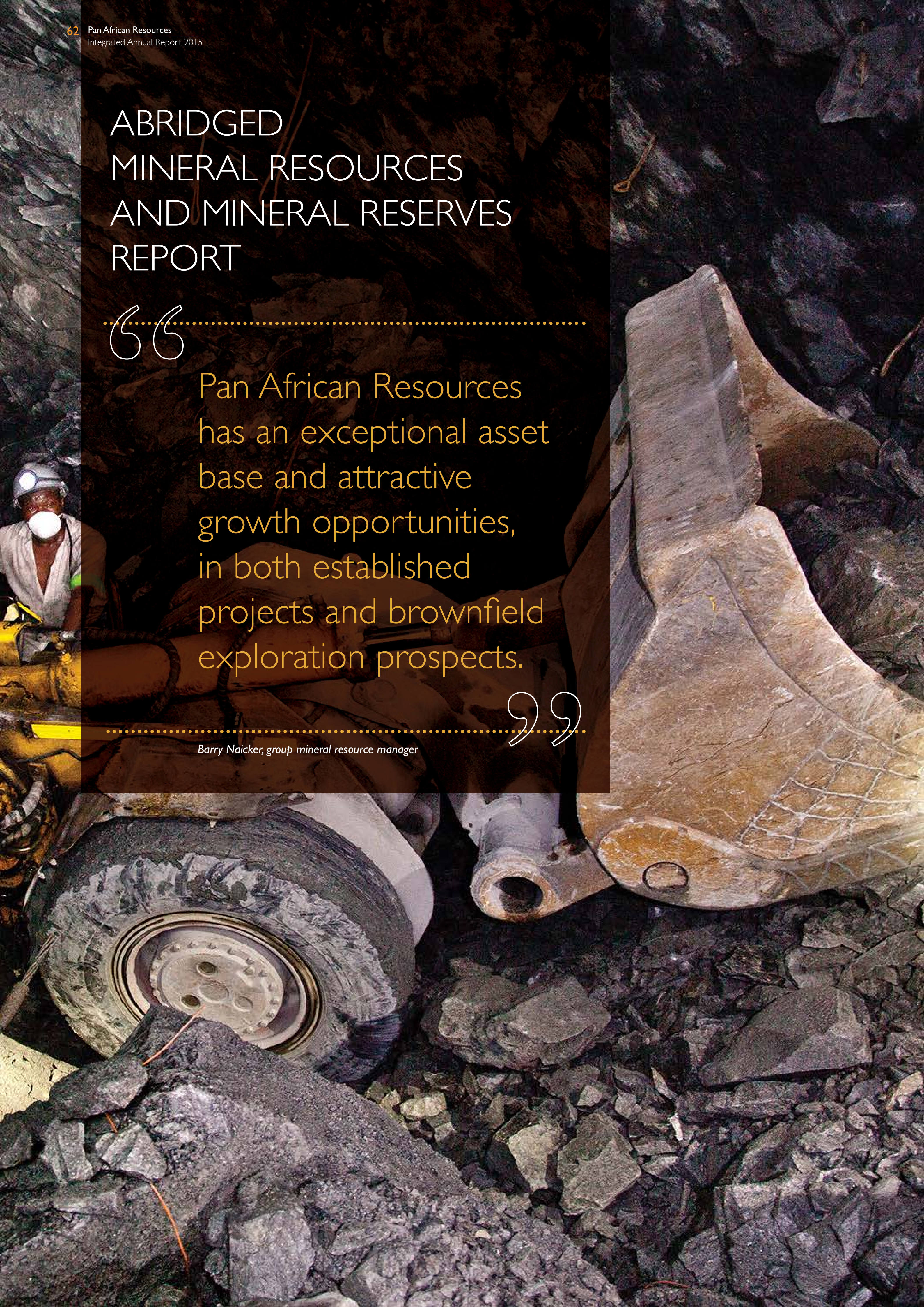
CAPITAL EXPENDITURE

Total capital expenditure at Phoenix Platinum remained steady at ZAR0.6 million (2014: ZAR0.4 million).

LOOKING AHEAD

Phoenix Platinum aims to optimise resources from Elandskraal and Kroondal to maintain production and profitability. On 29 June 2015 Phoenix Platinum signed a new agreement to secure the PGE rights to the Elandskraal resource. The haulage contract to transport the Elandskraal material to Phoenix Platinum has been awarded and processing will commence during September 2015. During the new financial year the Elandskraal material will be batch treated in the CTRP to conduct re-agent suite test work.

During the 2016 financial year, 60,000 tonnes of the Kroondal resource will be processed in the CTRP. Re-agent test work will be conducted on this material during the latter part of the year.



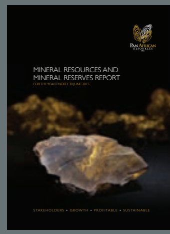
ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT

"Pan African Resources has an exceptional asset base and attractive growth opportunities, in both established projects and brownfield exploration prospects."

Barry Naicker, group mineral resource manager

MINERAL RESOURCES AND MINERAL RESERVES HIGHLIGHTS

in context of our four strategic pillars



For more information view our full mineral resources and mineral reserves report available on our website at www.panafricanresources.com

- **MINERAL TENURE**
- **LONGEVITY** in operations
- Organised **LABOUR**
- Stakeholder **ENGAGEMENT**
- Local **ECONOMIC DEVELOPMENT**

- **HIGH GRADE/ LOW COST** producer
- **ETRP** performing as anticipated
- **BTRP** at steady state production
- Barberton Mines: **10.9g/t**
- Evander Mines: **4.6g/t**
- Phoenix Platinum: **3.3g/t** (head grade – g/t)

MINERAL RESOURCES

- Gold **31.9MOZ**
- PGEs **0.6MOZ**

- **ORGANIC GROWTH PROJECTS** Barberton Mines – MRC orebody extension, Clutha Mine and Evander Shaft 8 – 26 level
- **BROWNFIELD PROJECTS** Evander South, Elikhulu (tailings plant), Poplar and Rolspruit

MINERAL RESERVES

- Gold 10.1Moz **UP 3.0%**
- PGEs 0.5Moz **DOWN 3.9%**
- ETRP in **PRODUCTION**
- Life of mine **INCREASED**

LIFE OF MINE

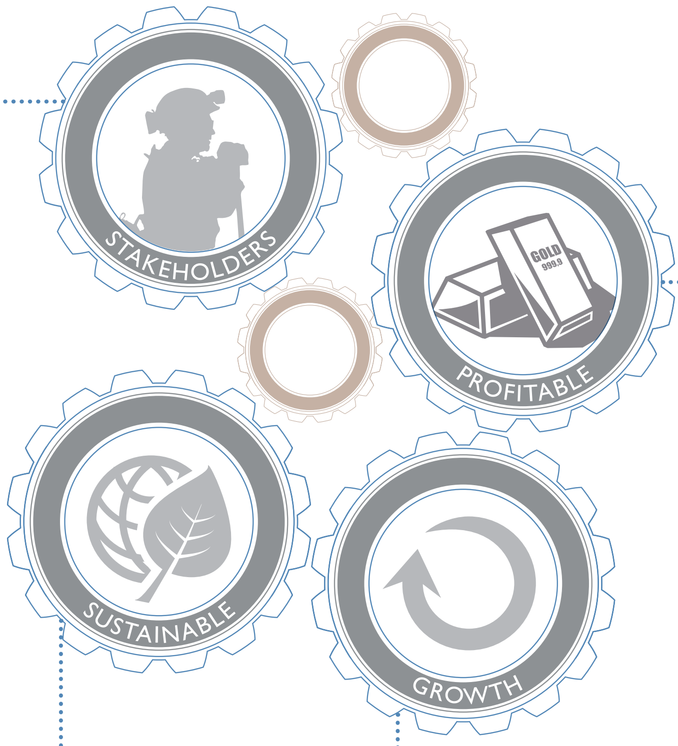
Barberton Mines	20 years
Evander Mines	16 years
Phoenix Platinum	28 years
BTRP	15 years
ETRP	16 years

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES STRATEGY

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

This strategy includes:

- Improving the conversion of mineral resources to mineral reserves by accessing, developing and exploiting underground orebodies and surface assets
- Unlocking the value of major organic projects
- Identifying new expansion opportunities to sustain growth.



- **Mineral tenure** secured
- **Compliance** with all relevant South African labour legislation
- Compliance with **MPRDA**, **Mining Charter** and implementation of social and labour plans
- **Proactive, strong relationships** with regulators, organised labour and communities

- **Mineral Resources**
  Gold 31.9Moz, PGEs 0,6Moz
- **Organic growth projects:**
  Evander Shaft 8 – 26 level, Fairview Mine – MRC orebody
  Brownfield projects:
  Elikhulu, Evander South, Poplar, Rolspruit
- Accretive acquisitions

- **Mineral Reserves**
  Gold 10.4Moz, PGEs 0.5Moz
- **Cash-generative**
- **Attractive dividend**
- **Continual low cash cost** gold production
- **Life of mine** (LOM) – years:
  Barberton Mines – 20
  Evander Mines – 16
  Phoenix Platinum – 28
  BTRP – 15
  ETRP – 16

- **High** grade/**low** cost producer
  Barberton Mines: 10.9
  Evander Mines: 4.6
  Phoenix Platinum: 3.3
  (Head grade – g/t)
- Attributable **profit**
- **Earnings per share**

HIGHLIGHTS

- Exploration drilling at Barberton Mines, confirming the down dip extension of the high grade 11 Block of the main reef complex (MRC) orebody by a further 170 metres. Annual increase in Barberton Mines' mineral reserves by 236,162 ounces
- Positive results of the ETRP, feasibility study undertaken on the viability of constructing "Elikhulu"
- Internal technical team has been assigned to assess the merits of progressing the Evander South brownfield project to the level of a feasibility study
- The Sheba and New Consort tailings dams will provide potential future sources of tailings and will support the increased BTRP life of operation to 15 years (2014: 12 years)

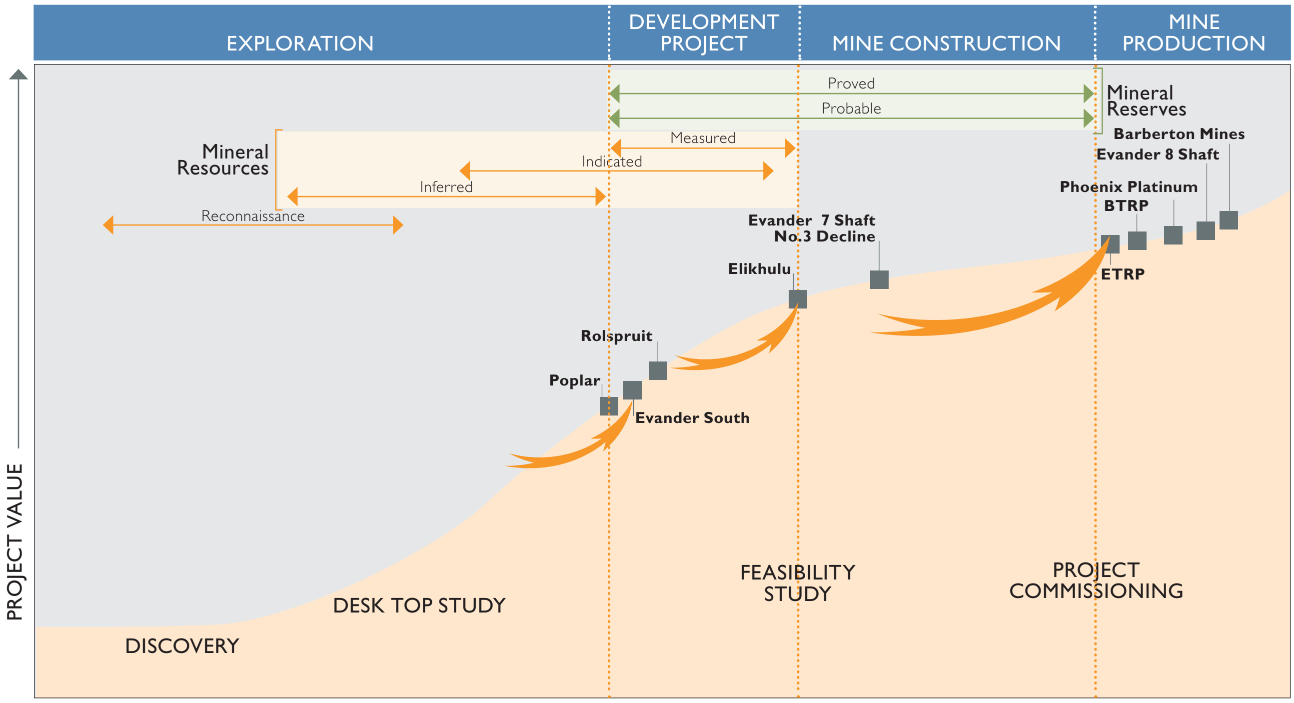


Figure 1: Project life cycle of mineral assets at Pan African Resources

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 above demonstrates the group's mineral assets within the value chain and how value is released through projects such as the BTRP and ETRP.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

SCOPE OF REPORT

This abridged version of the Pan African Resources Mineral Resource and Mineral Reserve Report 2015 (MR&MR) conforms to the standards determined by the South African Code for the Reporting of Exploration Results, Mineral Resource and Mineral Reserve (the SAMREC Code, 2007 edition) and forms part of Pan African Resources' Integrated Annual Report including the annual financial statements for the year ended 30 June 2015. The other major document in this suite of reports is the Sustainable Development Report 2015. The entire suite of documents will be available in full on www.panafricanresources.com in due course, 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 FY15 include:

- Mineral resources tables by group and commodity
- Mineral reserves modifying factors
- Mineral reserves tables by group and commodity
- Development sampling results and ore reserve projects
- Appointed competent persons.

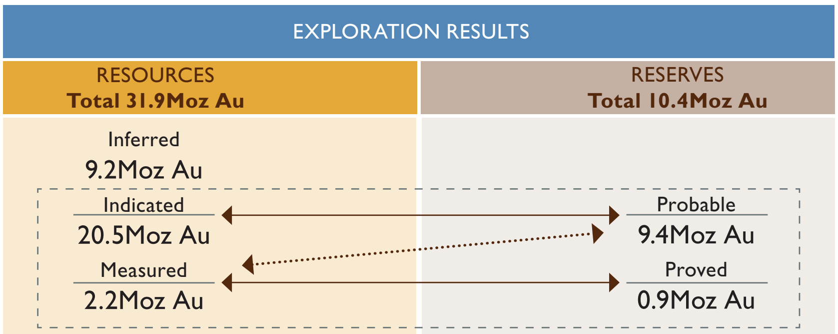
Matters on which detail is provided in this abridged version include regional geology, location, exploration drilling and organic ore reserve projects. Note, rounding of numbers in this document may result in minor computational discrepancies.

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. Distinct effort has also been made to comply with AIM Rules for Mining and Oil and Gas Companies of the London Stock Exchange.

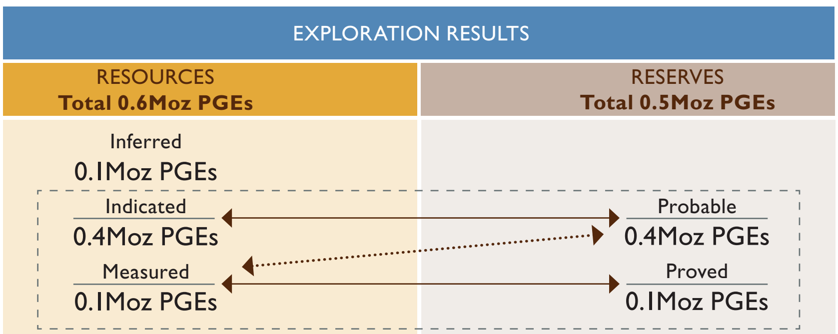
GOLD

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources attributable resources and reserves as at 30 June 2015.



PGEs

Relationship between exploration results, mineral resources and mineral reserves showing Pan African Resources' attributable resources and reserves as at 30 June 2015.



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 mineral resource 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 resources 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 resources to the mineral reserves:

- The database inventory of all mineral resource blocks
- An assumed gold price – ZAR400,000/kg
- Planned production rates for each mine
- Mine call factor (MCF)
- Plant recovery factors
- 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 life of mine 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 life of mine planning process including geology, surveying, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management.

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 14 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.

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.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

The mineral resources and mineral reserves underpin the enterprise value of Pan African Resources, and the group's position on the mineral resources and mineral reserves is presented below.

GOLD

Group Mineral Resources

The total mineral resources for the group decreased from 33.5 million ounces (Moz) in June 2014 to 31.9Moz in June 2015 – a gross annual decrease of 1.6Moz, or 4.8%. 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 2015

				Contained gold	
	Category	Tonnes (million)	Grade (g/t)	kg	Moz
Mineral Resources	Measured	6.5	10.35	67,471	2.2
	Indicated	273.7	2.33	637,457	20.5
	Inferred	38.6	7.43	286,990	9.2
Pan African Resources	Total	318.8	3.11	991,918	31.9

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

The total decrease in mineral resources can be attributed to a lower gold price and inflationary cost drivers in the reporting of the 2015 mineral resources.

Group Mineral Reserves

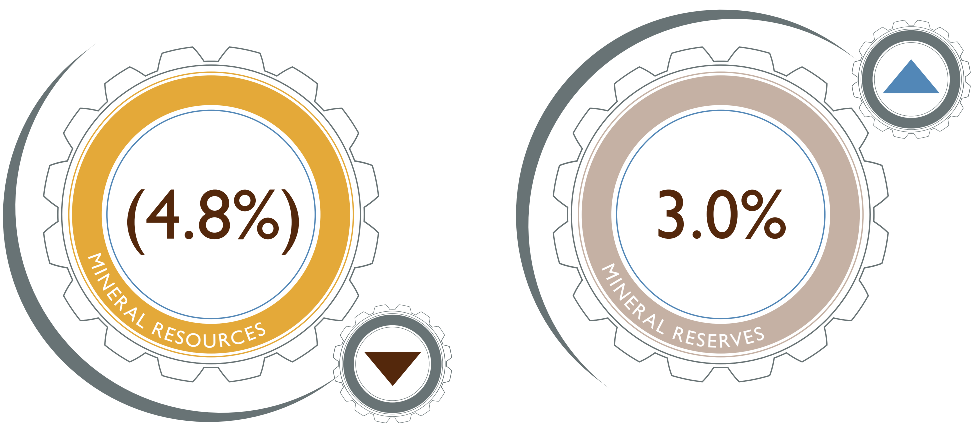
Pan African Resources' mineral reserves increased from 10.1Moz in June 2014 to 10.4Moz in June 2015 – a gross annual increase of 0.3Moz, or 3.0%.The 0.3Moz increase can be attributed to Barberton Mines.

As at 30 June 2015

				Contained gold	
	Category	Tonnes (million)	Grade (g/t)	kg	Moz
Mineral Reserves	Proved	3.9	7.27	28,474	1.0
	Probable	81.0	3.62	293,478	9.4
Pan African Resources	Total	84.9	3.79	321,952	10.4

The total increase in the mineral reserves can be attributed to the conversion of mineral resources at Barberton Mines, the extension of MRC orebody at Fairview Mine.

GROUP – GOLD 2015



PGEs

Group Mineral Resources

The group's total mineral resource PGEs did not change materially for the year under review.

As at 30 June 2015

	Category	Tonnes (million)	Grade (g/t)	Contained PGEs kg	Contained PGEs Moz
Mineral Resources	Measured	1.6	2.46	3,937	0.1
	Indicated	3.2	3.66	11,574	0.4
	Inferred	1.2	2.90	3,446	0.1
Pan African Resources	Total	6.0	3.14	18,957	0.6

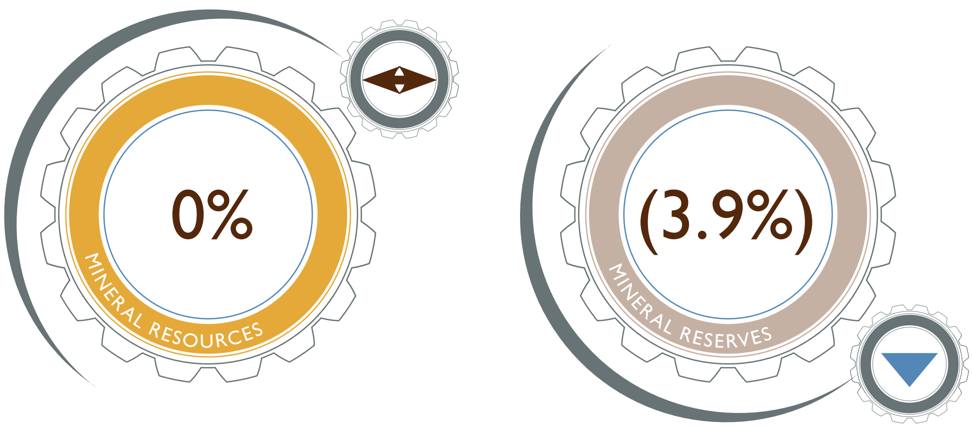
Group Mineral Reserves

Pan African Resources' mineral reserves PGEs decreased from 0.52Moz in June 2014 to 0.50Moz in June 2015 – a gross annual decrease of 20,000oz PGEs or 3.9 %. This was attributed to the re-mining of the Buffelsfontein tailings dam.

As at 30 June 2015

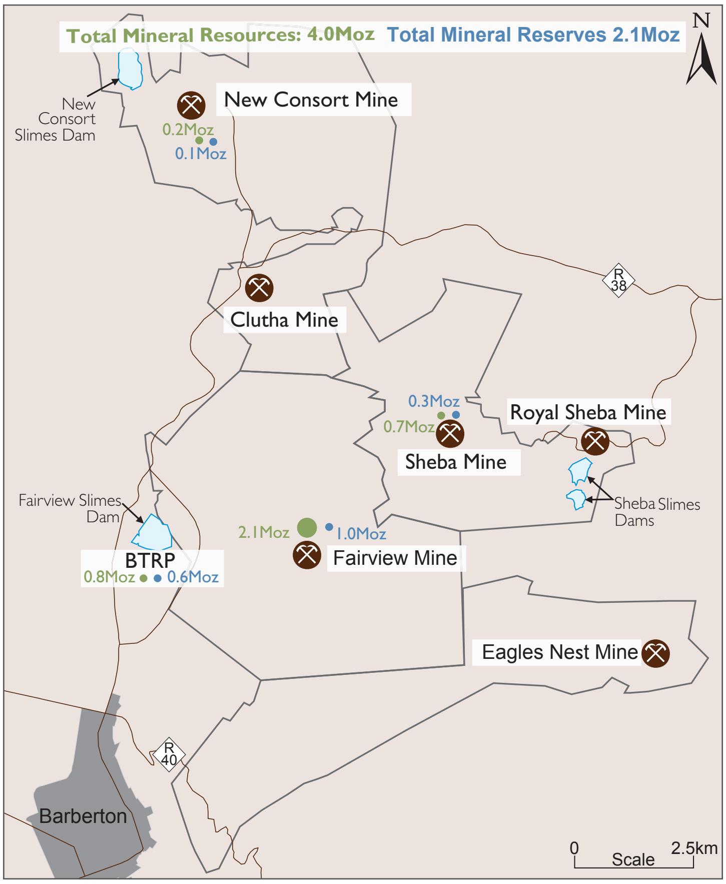
	Category	Tonnes (million)	Grade (g/t)	Contained PGEs kg	Contained PGEs Moz
Mineral Reserves	Proved	1.6	2.46	3,937	0.1
	Probable	3.2	3.56	11,574	0.4
Pan African Resources	Total	4.8	3.20	15,511	0.5

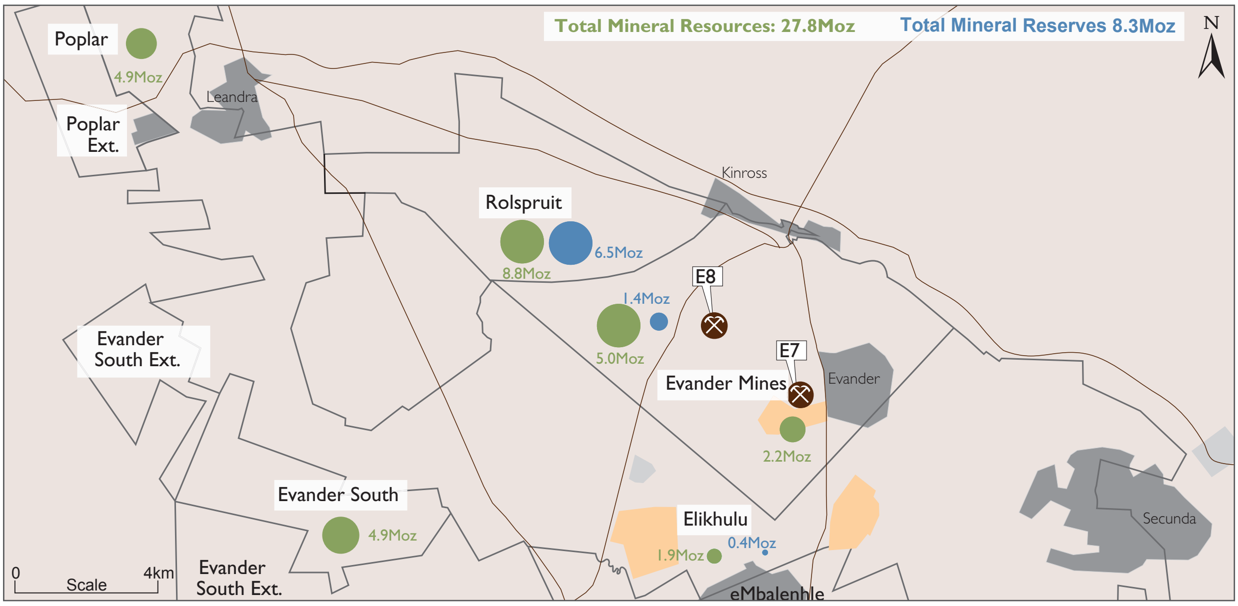
GROUP – PGEs 2015

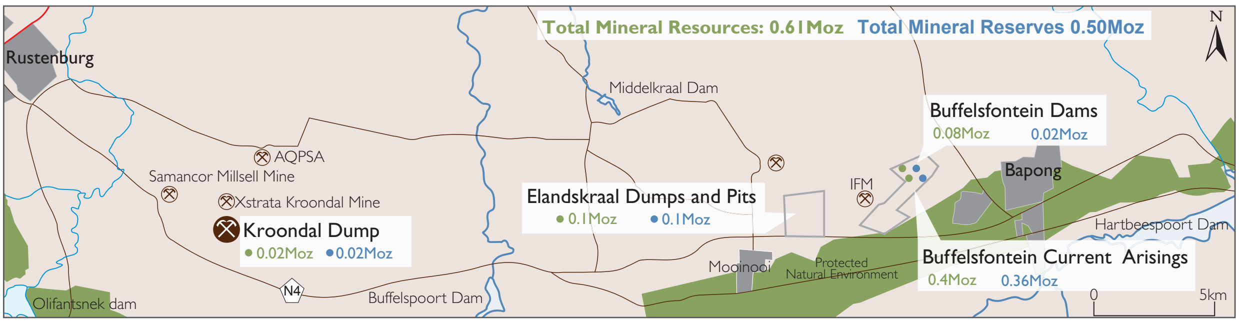


ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

MINERAL RESOURCE/MINERAL RESERVE OUNCES OF PAN AFRICAN RESOURCES' OPERATIONS







SUSTAINABILITY REVIEW

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

Cobus Loots, chief executive officer

EMPLOYEE REVIEW

HIGHLIGHTS

- Implemented a broad-based employee share ownership programme for Barberton Mines and Evander Mines
- Transformation targets on track with Mining Charter

CHALLENGES

- Ongoing wage negotiations
- Managing union rivalry between NUM and AMCU
- Aligning all employees with the group's operational objectives in order to create employee ownership

THE SLP COVERS

- Employment equity
- Human resources development
- Local economic development
- Preferential procurement
- Downscaling/ retrenchments
- Housing and living conditions
- Nutrition and health
- Adult education

EMPLOYEE STATISTICS

	Units	2015	2014
Number of employees	(Number)	**5,421**	5,773
– Permanent	(Number)	**4,326**	4,450
– Contractors	(Number)	**1,095**	1,323
Employee turnover	(%)	**7.0**	6.8
Training and development expenditure	(ZAR million)	**13.2**	14.0

OVERVIEW

Our people are one of the three enablers that assist the group in executing its strategy. As such, we recognise our employees as fundamental to the sustainability of the business and appreciate that we also have a responsibility beyond our own employees, in the wider employment context. Accordingly, wherever possible we employ from and upskill the communities which surround our operations.

Our operations are controlled by mining rights and each operation has developed a SLP, which has been submitted to the DMR. The elements covered in the SLP are shown alongside.

At year-end the group had a permanent staff complement totalling 4,326 (2014: 4,450). Phoenix Platinum employs three individuals and operations at the processing plant are outsourced to a specialist metallurgical company, Metanza, which is responsible for employment at the operation.

The group's average turnover rate was 7.0% (2014: 6.8%) and the average age of the majority of the group workforce is between 40 to 50 years.

EMPLOYEE RELATIONS

Pan African Resources has a unionised workforce and it complies with all applicable legislation and bargaining arrangements. In addition, each operation has a strategic, proactive and consultative engagement process with unions and employees. Notwithstanding the continued volatile labour situation in the South African mining sector, the group did not experience unprotected industrial action at any operation, which we attribute to the success of the above.

SKILLS DEVELOPMENT AND TRAINING

Pan African Resources is committed to skills development and spent ZAR13.2 million on training for the period under review (2014: ZAR14.0 million). Barberton Mines and Evander Mines have on-site 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.

PERFORMANCE MANAGEMENT

Pan African Resources recognises that managing and reviewing employee performance and fostering employee development are critical factors in achieving strategic priorities and overall success. All group employees from the head of department and above, to chief executive level have defined key performance indicators (KPIs), which are aligned with the group's strategic objectives. These KPIs include both production and personal-related KPIs, the weighting of which depends on the employees' role and position. Assessments take place on an annual basis with the employees' line manager and remuneration is linked to the score achieved by the employee. Annual performance assessments are conducted for senior management.

		Barberton Mines		Evander Mines		Phoenix Platinum	
		2015	2014	2015	2014	2015	2014
Representation of HDSA							
Senior management	(%)	**37.5**	28.5	**50.0**	22.2	**100.0**	100.0
Middle management	(%)	**55.2**	41.3	**41.0**	53.1	**50.0**	50.0
Junior management	(%)	**41.0**	41.1	**76.0**	77.0	**100.0**	100.0
Representation of women							
Women employed at mine		**126**	83	**263**	302	**–**	1
Women in mining	(core business)	**126**	39	**81**	65	**–**	1
Percentage of women in mining	(%)	**6.7**	4.4	**9.0**	11.8	**–**	25

TALENT MANAGEMENT

Talent management is imperative to attract, develop, motivate and retain productive, engaged employees. Through its talent management approach, Pan African Resources aims to create a high-performance, sustainable organisation that meets its strategic and operational goals and objectives.

To ensure adequate succession planning, key individuals who perform critical roles within the group have been earmarked as part of the group's retention and performance plan over a three-year lock-in period from 2016 to 2018. Regular engagements are conducted with these individuals to ensure that development requirements needed for them to fulfil their position are proactively addressed.

DISABLED EMPLOYEES

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.

REMUNERATION

Pan African Resources ensures that its employees are fairly remunerated for their roles within the organisation. Remuneration is dependent on the individual job grading and the group undertakes relevant research to ensure that its remuneration is market related. Remuneration for employees consists of a basic salary and benefits including medical aid and pension. In addition, short-term incentive rewards are paid monthly, quarterly and annually, depending on the level of the employee. All remuneration and incentives are measured objectively against the individual's KPIs.

In addition, the group's equity share option and share appreciation bonus plans are in place to appropriately incentivise select employees at managerial level within the group. This ensures retention of key skills required for the group's sustainable performance, and to align management interests with those of its shareholders.

The group has also implemented its employee share ownership programme, which seeks to align the objectives of Pan African Resources' employees

at its operations (Barberton Mines and Evander Mines) with that of management and shareholders.

The remuneration review on page 85 provides further detail on the group's remuneration philosophy as well as detail on executive and non-executive directors' remuneration.

TRANSFORMATION

Pan African Resources acknowledges that integrating genuine transformation, which permeates the group, is critical for the sustainability of its business in South Africa. It fully embraces the Mining Charter, which aims to promote equitable access to the nation's mineral and petroleum resources, especially among historically disadvantaged South Africans. The group does not currently manage and rank its B-BBEE contribution at group level. Barberton Mines and Evander Mines achieved a score of 48.10 points and were rated as a level six B-BBEE contributor. Further details on transformation progress are included in Pan African Resources' sustainable development report at www.panafricanresources.com. Oversight of progress against transformation targets is monitored by the SHEQC committee.

LOOKING AHEAD

In the year ahead, key focus areas will include:

- Maintaining a stable workforce and low turnover rate
- Integrating the group's new employees, acquired through the acquisition of the Uitkomst Colliery
- Aligning employees with the objectives of the approved business plans by creating a sense of belonging through the revised incentive and employee share ownership programmes
- Implementing an effective and efficient communication strategy.

SAFETY, HEALTH AND ENVIRONMENT REVIEW

HIGHLIGHTS

- Improvement in the group's LTIFR
- Improvement in the group's RIFR
- Reduction in noise-induced hearing loss, TB cases and lifestyle diseases at mining operations
- Significant decline in sporotrichosis cases at Barberton Mines
- Zero environmental fines at operations

CHALLENGES

- One fatality at Barberton's Fairview Mine, despite stringent safety measures
- Improving the implementation of safety standards to reduce the occurrence of DMR section 54 safety stoppage instructions
- Improving security measures to address the increase in illegal miners

SAFETY, HEALTH AND ENVIRONMENTAL STATISTICS

	Units	2015	2014
Safety			
TRIFR	(Rate/million man hours)	**11.14**	9.75
LTIFR	(Rate/million man hours)	**2.29**	2.97
RIFR	(Rate/million man hours)	**1.11**	1.52
Fatal injuries	(Number)	**1**	4
Health			
Certified cases of silicosis	(Number)	**19**	8
Noise induced hearing loss certified cases	(Number)	**8**	24
Environment			
Total water consumption	($000m^3$)	**12,249**	14,485
Total electricity consumption	(Gj)	**1,376,815**	1,374,206
Total GHG emissions	(tCO_2e/t milled)	**0.1**	0.3
Environmental fines and penalties	(Number)	**–**	–

OVERVIEW

A safe and healthy mining culture, with minimal impact on the environment, is a business imperative that underpins the group's four key strategic pillars – Stakeholders. Profitable. Growth. Sustainable. Pan African Resources expends considerable effort in promoting a safe and healthy work environment. The group's SHEQC objectives aim to achieve a sustained SHEQC management culture by promoting safety performance through zero harm to our employees, and minimal impact on the environment. The group has an enabling culture where employees at all levels are encouraged to engage freely around SHEQC matters, as well as adhering to policies and procedures that are conducive to achieving this objective.

SHEQC GOVERNANCE AND COMPLIANCE

The board assumes ultimate responsibility for the group's SHEQC performance. The group's SHEQC committee is the sub-committee responsible for the oversight and management of SHEQC and keeping the board apprised of SHEQC matters relating to compliance, discipline and action plans around incidents and accidents. The general managers at the mines' operations remain ultimately accountable for SHEQC on their operations. Meetings are held as deemed appropriate but no fewer than four are held annually. Membership, responsibilities and attendance of the SHEQC committee meetings are shown on page 83.

Pan African Resources is committed to conducting its mining operations in strict compliance with the mining licence conditions set by the DMR, the Mine Health and Safety Act 29 of 1993, as amended from time to time and other relevant legal requirements as detailed on page 13 of the sustainable development report. Guidance and advice is provided by the group SHEQC manager, together with the safety, health and environmental officials at the group's operations, within the group philosophy of continuous improvement. Legal requirements are treated as minimum requirements. Regular internal audits are performed by the operations safety, health and environmental officials. Furthermore, monthly SHEQC performance reviews are carried out to ensure compliance with SHEQC standards and procedures.

The group's SHEQC policy extends to safety, health, environment, quality and communities and contains specific guidelines. These guidelines are included in the sustainable development report at www.panafricanresources.com.

A total of seven DMR section 54 safety stoppage instructions were issued in the year under review (2014: four), causing stoppages to the mines, which further exacerbated lower production and also impacted negatively on employee morale. Subsequent to these stoppages, improved operating procedures and administrative processes were implemented and the orders were set aside. The group continues to embed its culture of safety and discipline to reduce further stoppages.

SAFETY

The group has an excellent safety record in terms of LTIFR and RIFR rates, as shown in the graphs on page 5. However, regrettably, one fatality occurred at our Fairview Mine in Barberton on 23 April 2015, where Mr Cyprein Solomon Mkhatshwa, a 26 year old diesel mechanic, was fatally injured while on duty. Subsequently, the issue-based risk assessments were reviewed and precautionary measures were put in place to prevent a reoccurrence of this nature. These measures were communicated to employees and retraining of relevant employees was carried out.

The board and management extend their deepest condolences to the family, friends and colleagues of Mr CS Mkhatshwa.

During the year under review, the TRIFR regressed to 11.14 (2014: 9.75). The LTIFR and RIFR were below the target set for the year under review. The FIFR has improved to 0.07 (2014: 0.30). While there is significant improvement in our overall safety record, the fatality remains a concern and we will continue the drive towards zero harm.

The DMR released its 2014 milestones to achieve zero harm by December 2020. These milestones were developed collaboratively between all the stakeholders, including employers, employee representatives, organised labour and the DMR. The objective of the milestones is to further accelerate the journey to zero harm. Pan African Resources has developed and implemented a monthly tracking system to ensure that the milestones are achieved by December 2020. Safety improvement plans have been implemented at operations, which will assist in the drive towards zero harm.

Each mining operation has its unique in-house training programmes, which are all aligned to the group's strategic objective of zero harm. Safety, health and environmental training is included in induction for new employees as well as in refresher courses for employees, when returning from leave. This training also includes job-specific training.

The illegal miners at our gold mine operations are posing an increased safety risk to employees. To combat this risk, the group has stepped up security measures around these operations.

HEALTH

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

Management of the major diseases at our mining operations remains a top priority for the group. It was pleasing to note the significant decrease in the cases of sporotrichosis, noise-induced hearing loss, TB cases and lifestyle diseases. During the year under review 47.5% of the gold mining operations' workforce was tested for HIV/Aids and the re-testing programme is well supported. Campaigns are conducted regularly on HIV/Aids and TB prevention initiatives.

Employees diagnosed with lifestyle-related diseases such as hypertension and diabetes are regularly monitored and educational programmes are provided. Testing for hypertension and diabetes now forms part of the medical surveillance programme, in an attempt to combat these diseases at an early stage.

The occupational hygiene stressors are monitored by a qualified occupational hygienist and quarterly reports are submitted to the DMR. Each employee has an individual health risk profile. All operations' occupational exposure limits were below the legislative requirement of 0.05mg/m^3 for the year under review.

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 integrated into management practices throughout our operations. The group is steadfast in its commitment to enhancing its approach to reducing its impact on the environment and its environmental objectives include:

- Achieving zero penalties for environmental breaches
- Achieving the internal environmental targets established for reducing the group's carbon footprint
- Ensuring compliance with water use licences and eliminating illegal discharge overflows.

WATER

Water quality in the areas surrounding operations is vigilantly monitored and managed. Surrounding surface and ground water is monitored to prevent polluted water being discharged into the environment. The discharge of water by our operations through controlled releases into the environment is predetermined through regulatory requirements and is in line with our water use licences.

SAFETY, HEALTH AND ENVIRONMENT REVIEW continue

ENVIRONMENTAL TARGETS

The group acknowledges that with the pending introduction of a national carbon tax, environmental monitoring must be enhanced and developed for the determination of complete and accurate emissions. The group's environmental targets and progress during the year under review are shown in the table below.

	Baseline	Target: Short-term (per annum)	Target: Long-term (three years)	Progress in 2015
Reduction of energy consumption (direct and indirect)	2013	2.6%	8.0%	¼
Water management				
Increase in re-use of water				
Reduce portable water consumption	2013	2.6%	8.0%	√
Reduce greenhouse gases per tonne milled	2013	2.6%	8.0%	√
Environmental legal compliance (fines and levies)	2013	zero	zero	√
Reduce significant environmental incidents, particularly water discharge and incidental overflow	2013	zero overflow	zero overflow	2/3

√ Substantially achieved. 2/3 Good progress. ½ Moderate progress. ¼ Limited progress.

ENVIRONMENTAL LEGAL COMPLIANCE

Mining operations are subject to various environmental legislative requirements, as detailed on page 13 of the sustainable development report. The group ensures adherence to these various requirements by ongoing monitoring through its robust SHEQC governance framework. Environmental aspects and impact assessments have been conducted at all our operations. The aspects and impact registers are available for each operation. The operations review their risk registers on a quarterly basis.

LAND REHABILITATION

Land rehabilitation aims to minimise and mitigate the environmental effects of mining. Rehabilitation management at the group's operations is an ongoing process. The rehabilitation trust fund had a balance of ZAR312.3 million (2014: ZAR278.4 million) at year-end, which increased by ZAR33.9 million as a result of growth in investments. The rehabilitation trust fund's amount is invested in interest-bearing short-term investments and medium-term equity linked notes issued by commercial banks.

	Barberton Mines		Evander Mines		Total	
	2015 (ZAR millions)	2014 (ZAR millions)	2015 (ZAR millions)	2014 (ZAR millions)	2015 (ZAR millions)	2014 (ZAR millions)
Rehabilitation trust funds	**43.2**	37.9	**269.1**	240.5	**312.3**	278.4

LOOKING AHEAD

The group is committed to continually improving safety and health standards and performance, while constantly striving to reduce its impact on the environment. Some of the key aspects by which this will be achieved include:

- Establishing cross-operations safety, health and environmental audit teams and conducting internal audits bi-annually
- Establishing a central electronic safety, health and environment dashboard for improved management control
- Establishing formal Fatal Risk Standards that will incorporate elements such as: fall of ground, gassing, trackless mobile machinery, rail-bound equipment and underground fires
- Monitoring resource consumption in line with established targets
- Adhering to all legislative compliance in order to avoid significant environmental incidents and fines.

COMMUNITY REVIEW

OVERVIEW

Pan African Resources strives to minimise potentially negative social impacts, while promoting opportunities for the local communities in its areas of operation. We endeavour to monitor, measure and manage the social and economic impacts created by our operations, in line with our approved SLPs. The group reports annually to the DMR on its project plans – including an assessment of the potential impact and action plans where deviations are identified.

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

The group is committed to upholding and promoting the human rights of its employees and contractors, suppliers and the communities in which it operates. Pan African Resources abides by the South African Constitution, including the Bill of Rights. As such, we recognise people's rights to culture, heritage and tradition through identifying, recording and supporting indigenous cultural heritage.

GROUP CORPORATE SOCIAL INVESTMENT (CSI) AND SOCIO-ECONOMIC DEVELOPMENT SPEND

The group spend on CSI and social and economic development initiatives was ZAR20.8 million (2014: ZAR19.0 million). Details on Pan African Resources' CSI initiatives can be found on the group's website www.panafricanresources.com.

SUPPLY CHAIN MANAGEMENT

Pan African Resources' primary procurement objective is to control costs, initiate savings and manage inventory across its operations through centralised strategic sourcing. In addition, the group is committed to increasing spend from black-owned and black women-owned businesses. The group targets a level four B-BBEE rating. A new BEE monitoring system was procured to initiate and control this process going forward.

PROCUREMENT GOVERNANCE

Pan African Resources' procurement governance process ensures maximum efficiency and ethical conduct when procuring goods and services within its operations. A group procurement policy is in place and relevant employees at each operation are trained in these procurement procedures and practices. The tender process is governed by a tender committee at each operation, to ensure that Pan African Resources complies fully with all relevant regulation, including the UK Bribery Act. Monthly procurement and inventory reports are sent to the corporate office.

CENTRALISED CONTRACTS

The group has implemented a procurement plan for its high-value commodities, with the intent of meeting the group's procurement objectives mentioned above. The top ten commodities were identified in the initial phase, resulting in savings of R5.6 million over a twelve-month period. Negotiations are underway with the next top 20 commodities.

TRANSFORMATION TRUSTS

Wherever possible, the group promotes responsible and ethical management of its supply chain by encouraging suppliers to support local economic development. Transformation trusts for Barberton and Evander generate additional funds to invest back into the community, through encouraging its suppliers to contribute 1% of their contract value to these trusts. The objective of these trusts is to improve the quality of life of the local community, to create jobs and to promote socio-economic development. A total of ZAR1.3 million was collected on behalf of these trusts.

LOOKING AHEAD

Pan African Resources is committed to continually uplifting the communities within which it operates, through its projects and initiatives and proactive strategic sourcing.

HIGHLIGHTS

- Group spend on corporate social investment and social and economic development initiatives amounted to ZAR20.8 million
- ZAR5.6 million savings through strategic sourcing of goods and services for the gold operations

CHALLENGES

- Finding local suppliers to assist with community projects

TRANSPARENCY AND ACCOUNTABILITY

> “The board acknowledges that applying good corporate governance principles is a dynamic responsibility, in line with developments in the UK, South Africa and internationally.”

Keith Spencer, chairman

CORPORATE GOVERNANCE REVIEW

GOVERNANCE FRAMEWORK

as at 30 June 2015

Chairman: Keith Spencer

Members
Hester Hickey
Thabo Mosololi
Phuthi Mahanyele[1]
Rowan Smith
Cobus Loots
Deon Louw

Invitees
EXCO and OPSCO
for ad-hoc presentations to the board

[1] *Phuthi Mahanyele resigned effective 30 June 2015.*

Chairperson: Hester Hickey

Members
Thabo Mosololi
Keith Spencer

Invitees
Cobus Loots, *chief executive officer*
Deon Louw, *financial director*
External auditors
Internal auditors
Financial executives

Chairman: Rowan Smith

Members
Phuthi Mahanyele[2]
Thabo Mosololi

Invitees
Cobus Loots, *chief executive officer*
Deon Louw, *financial director*
André van den Bergh, *group human resources executive*

[2] *Phuti Mahanyele resigned effective 30 June 2015.*

Chairman: Keith Spencer

Members
Hester Hickey
Cobus Loots
Anaki Karigani
Mandla Ndlozi
André van den Bergh
Sozabile Nkuna[1]

Invitees
General managers – Barberton Mines, Evander Mines and Phoenix Platinum

[1] *Sozabile Nkuna is a representative from Shanduka.*

Pan African Resources' board is committed to responsibility, accountability, fairness and transparency in accordance with King III, the UK Code and applicable laws, reflecting 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, the South African Companies Act 71, 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 concerning the internal control requirements of the Combined Code.

ETHICAL LEADERSHIP

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 which applies beyond the board and includes 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 mentioned above. 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 communicated to all employees as well as to mine contractors, all of whom are expected to comply fully.

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

KING III COMPLIANCE

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.

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.

Principle 2.25 (paragraph 153) recommends that non-executive directors' fees should comprise a base fee, which may vary according to factors including the level of expertise of each director, as well as an attendance fee per meeting. The group remunerates its non-executive directors based on a fixed fee, as the board's input extends beyond the attendance at meetings.

The group's King III checklist can be found on the group's website on www.panafricanresources.com.

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. The chairman, Keith Spencer, is an independent non-executive director. Executive directors include the chief executive officer and the financial director. A brief CV of all directors is provided on pages 28 and 29.

The board performs the function of the nominations committee.

The following changes took place during the year under review:

Appointments

- Mr R Smith was appointed as an independent non-executive director effective from 8 September 2014
- Mr C Loots was appointed the chief executive officer effective 1 March 2015
- Mr D Louw was appointed financial director effective 1 March 2015.

Resignations

- Mr R Still resigned as a non-executive director effective 1 July 2014
- Ms P Mahanyele resigned as a director and deputy chairperson effective 30 June 2015
- Mr R Holding resigned as chief executive officer effective 1 March 2015. To ensure that Mr R Holding's experience and knowledge is retained by the group, an exclusive consulting agreement was concluded with him, effective 1 March 2015. This arrangement will be for a minimum period of one year.

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

The responsibilities of the independent non-executive chairman and the chief executive officer and the remaining non-executive and executive directors are strictly separated to ensure proficient decision-making. No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and 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 collectively. The chief executive officer and financial director, supported by the executive committee, are accountable for strategy implementation and the day-to-day operational decisions and business activities. Non-executive directors are not involved in the daily operations of the company.

CORPORATE GOVERNANCE REVIEW continued

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 during September 2014 in the prior financial year and adopted in the current financial year. A copy of the board charter is available from the group company secretary on request.

Rotation and re-election of directors

In terms of King III and the group's constitutional documents, one-third of the directors, excluding any director appointed since the previous AGM, must retire from office at each annual general meeting 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 constitutional documents and in compliance with the AIM Rules and JSE Listings Requirements. Accordingly, Keith Spencer and Cobus Loots will retire by rotation at the upcoming AGM and, being eligible, will offer themselves for re-election.

In addition, in accordance with the group's constitutional documents, any director appointed since the conclusion of the previous AGM must retire at the next AGM and may make himself available for re-election, provided he remains eligible as required by the constitutional documents and in compliance with the AIM Rules and JSE Listings Requirements.

Accordingly, Deon Louw will retire at the upcoming AGM and, being eligible, will offer himself for re-election.

A brief CV of each director standing for re-election at the AGM is contained on pages 28 and 29.

Board evaluation

An annual effectiveness self-evaluation is undertaken in respect of the board and the audit committee.

Share dealings

All group employees above Paterson Grading D (which includes operational management, executive and operational management) 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 Listings Requirements, or while the company is trading under a cautionary announcement. 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 chief executive officer or financial director and confirmed with the South African and UK based corporate advisers prior to the trade taking place. There were no contraventions of this policy during the year.

Succession planning

The board, assisted by the nominations committee, is responsible for succession planning for the board of directors and executive and senior management. The nominations 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 group ensures all new directors are informed of the AIM and JSE 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. New appointees are provided with the latest annual and interim results, integrated annual report and minutes of previous board meetings. It is intended that a formal induction programme will be introduced in the near future.

Ongoing development

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

BOARD COMMITTEES

Pan African Resources has an audit committee, remuneration committee, nominations committee and a 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 South African Companies Act requirements.

All committees have satisfied their responsibilities during the year in compliance with their formal charters. All charters were reviewed, revised and adopted during the year under review. A copy of these charters is available from the group company secretary on request.

Board and committee meetings' attendance

The board meets quarterly with additional meetings as and when necessary. Attendance at board and committee meetings is set out below. In addition to these meetings, ad hoc meetings and calls are held on a regular basis. Not all of these are recorded in the table below.

	Keith Spencer	Phuthi Mahanyele	Hester Hickey	Ron Holding	Cobus Loots	Thabo Mosololi	Rowan Smith	Deon Louw
PAR board meeting								
9 September 2014	✓	✓	✓	✓	✓	✓	✓	
10 December 2014	✓	✓	✓	✓	✓	✓	✓	
23 March 2015	✓		✓		✓		✓	✓
22 June 2015	✓	✓	✓		✓	✓	✓	✓
Audit committee meeting								
9 September 2014	✓		✓	✓	✓	✓		
23 February 2015	✓		✓		✓	✓		
10 July 2015	✓		✓		✓	✓		✓
Remuneration committee meeting								
31 July 2014		✓		✓	✓	✓		
22 January 2015		✓			✓	✓	✓	
SHEQC committee meeting								
28 October 2014	✓		✓	✓				
19 March 2015	✓		✓	✓	✓			
16 April 2015	✓		✓	✓	✓			
18 June 2015	✓		✓		✓			

[1] *P Mahanyele resigned as a director effective 30 June 2015.*
[2] *C Loots appointed as chief executive officer effective 1 March 2015.*
[3] *D Louw appointed as financial director effective 1 March 2015.*
[4] *R Holding resigned as chief executive officer effective 1 March 2015.*
[5] *R Smith appointed as an independent non-executive director effective 8 September 2014.*

INDEPENDENT ADVICE

All independent non-executive directors have unrestricted access to management and the group's external auditor. Furthermore, 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 to St James's Corporate Services Limited. The company secretary advises the board of any relevant regulatory changes and/or updates.

The company secretary keeps records of shareholder registers, meeting attendance registers, meeting minutes, resolutions, directors' declarations of personal interest(s), all notices and circulars issued by the company, guidance on directors' duties and good governance. The company secretary is well versed in all relevant updates to current legislation and regulation and is responsible for advising the board in this regard.

Furthermore, the company secretary reviews the rules and procedures applicable to the conduct of the board. Wherever necessary the sponsor, Nomad and other relevant experts are involved in ensuring 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 reviews the company secretary's qualifications and competence and provides recommendations to the board.

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 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.

The group's Nomad and joint broker in the UK is Numis Securities Limited. Peel Hunt LLP acted as joint broker during the reporting period.

RISK GOVERNANCE

RISK GOVERNANCE

The board is ultimately responsible for the management of risk and a formal risk governance process is in place to ensure the board adequately discharges its responsibility, as described below. 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 group's key risks are set out on page 20.

Board of directors

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 83) 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.

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.

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.

IT GOVERNANCE

The board is responsible for IT governance. During the period under review, the group established an IT governance framework, which is governed by an IT charter. The framework consists of an IT steering committee which includes the financial director, the chief information officer and human resources executive. This steering committee is responsible for directing, controlling and measuring the IT activities and processes of the group. It also keeps the board apprised of the group's IT performance on a regular basis.

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

COMPLIANCE

The group complies with all applicable legal acts and regulations. A list of these legal acts and regulations can be found in the group's sustainable development report on the group's website www.panafricanresources.com.

REMUNERATION REVIEW

Message from the chairman of the remuneration committee

The past year has been very challenging for the group, with our Evander Mine in the midst of a low grade cycle and other underground production related issues being experienced at the same operation. In certain respects we also experienced difficulties in instilling our culture at the mine but this has been rectified and the on-mine management structure strengthened.

Barberton Mines' performance was satisfactory but not on par with prior years or with our expectations, with the BIOX® plant contamination and regulatory stoppages imposed on the mine, affecting production.

Phoenix Platinum performed in line with our expectations, with the management team delivering a good set of results.

Notwithstanding current weak precious metals prices, and the general difficult operating environment being experienced within the industry, the group remained profitable and cash flow positive which is commendable under the circumstances and enabled the directors to propose an attractive dividend to shareholders.

In light of the exacting environment, the executive directors have declined an annual salary increase for the 2016 financial year.

As certain of the qualifying criteria for the cash bonuses were fulfilled, these bonuses were paid to the executive and management teams, albeit generally at a much lower level than in the prior year.

The executive directors have entered into three-year contracts commencing 1 March 2015. The variable remuneration component of these contracts incentivises the executives to deliver, *inter alia* cash flow, earnings and capital appreciation in the share price over the medium to long term.

The remuneration committee is also contemplating initiatives to retain key senior staff members for a fixed term in support of the group's sustainability objectives.

The remuneration committee has reviewed the compensation levels and incentive schemes to ensure that they remain market related and fulfil their purpose as an incentive to align the interest of the group's employees to that of the stakeholders. In this regard the remuneration committee draws on PricewaterhouseCoopers Remchannel's survey to ensure compliance to best practice in executive compensation.

We have taken cognisance of the aspirations of our stakeholders for improved disclosure relating to executive remuneration and we are committed to compliance in this regard.

Providing motivational and shareholder aligned remuneration structures in a demanding operating environment will always be a challenge, however we believe that we have found a balance in our approach to this sensitive matter.

We do, however, remain receptive to feedback from our stakeholders on our remuneration philosophy or any matter related thereto.

Yours faithfully

Rowan Smith
Chairman, remuneration committee

16 September 2015

REMUNERATION REVIEW continued

REMUNERATION FRAMEWORK

Remuneration

Basic salary and benefits	Short-term incentives	Long-term incentives

Key features

Basic salary and benefits
- Reviewed annually against competitive market data and PWC Remchannel

Short-term incentives
- Paid annually at corporate level
- Paid annually at operations Measured objectively against the group's performance or personal contribution

Long-term incentives
- The Equity Share Option Plan
- Pan African Resources' group Share Appreciation Bonus Plan
- Employee ownership programme (Barberton and Evander Mines)
- Specific other schemes for executive directors

Criteria for eligibility

Employment at the group

Executive directors:

Collective KPIs account for 40% (from 1 July 2015: 60%) of assessment based on:

- Group's gold and PGMs sold (ounces)
- Costs of production
- Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year)

Individual KPIs account for 60% (from 1 July 2015: 40%) of assessment and are specific to the employee concerned

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
- Ensure retention of key skills required for the group's ongoing profitable performance and growth
- Align management interests with those of shareholders.

Executive and operational management committees:

Collective KPIs account for 50% (from 1 July 2015: 60%) of assessment based on:

- Group's gold sold (ounces)
- Costs of production
- Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year)

Individual KPIs account for 50% (from 1 July 2015: 40%) of assessment and are specific to the employee concerned

Operational management:

Collective KPIs account for 80% of assessment based on:

- Group's gold sold (ounces)
- Costs of production
- Safety targets (objective measurement based on group's actual achievements against set business plans for the financial year)

Individual KPIs account for 20% of assessment and are specific to the employee concerned

REMUNERATION PHILOSOPHY

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 long 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 is aligned to the contribution and performance of the business, teams and individuals. The group's key remuneration objectives include:

- Facilitating the delivery of superior long-term results for the business and shareholders and promote sound risk management principles
- Supporting the corporate values and desired culture
- Supporting the attraction, retention, motivation and alignment of the talent we need to achieve our business goals
- Reinforcing leadership, accountability, teamwork and innovation.

In order to achieve these objectives, the remuneration committee (remco), in consultation with and with oversight from the board, retains flexibility in terms of how it incentivises and rewards performance.

The group's remuneration policy provides a framework for remuneration to attract, retain and motivate employees to achieve the strategic objectives of the organisation, within its risk appetite and risk management framework.

The remuneration framework recognises the following principles:

- Objectivity in short-term incentives – comprising an annual bonus which rewards management for matters under their control or influence, but not matters outside of their control such as commodity prices and exchange rates
- Objectivity in long-term incentives – the purpose with this component of the remuneration framework is to align the long-term interest of the group's employees with that of the group's shareholders through incentives which are directly linked to the increase in the PAR's share price. These awards vest over periods of three to four years
- Alignment to shareholders – we believe that the combination of these incentives will achieve the objectives set out in the above philosophy, by aligning the interests of employees with the shareholder' aspirations.

REMUNERATION GOVERNANCE

Remco 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, incentivise and retain personnel who will create long-term value for all stakeholders.

The committee comprises non-executive directors and as of 1 July 2015, comprises only independent non-executive directors, which monitors and strengthens the credibility of the group's executive remuneration system. It reviews the performance of the chief executive officer, executives and senior management and sets the scale, structure and basis of their remuneration and the terms of their service agreements. The committee also considers and makes recommendations to the board on remuneration packages and policies in this regard.

The remco chairman, Ms Phuthi Mahanyele, resigned on 30 June 2015. The new chairman is Mr Rowan Smith. The membership and attendance of remco is shown on page 83.

Remco meetings are attended by the chief executive officer, financial director and the human resources executive. No individual is present when their remuneration is discussed.

ACCESS TO INFORMATION AND ADVISERS

Remco has unrestricted access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities. Remuneration is reviewed annually against competitive market data and analysis from the PricewaterhouseCoopers Remchannel Survey. The board approves remuneration proposals from remco and submits them to shareholders for endorsement at the annual general meeting.

REMUNERATION REVIEW continued

EMPLOYEE REMUNERATION COMPONENTS

Fixed remuneration

Element	Key features	Purpose
Guaranteed pay	**Cost to company**	
Executives, senior managers and heads of department	• Pensionable salary • Leave • Pension/provident fund contributions • Medical contributions • Travel allowance All of the above adds to the total cost to company of an employee	Attraction and retention
Collective bargaining employees	• Pensionable salary • Leave • Medical contributions • Overtime/housing or living out allowance • Other fixed allowances – underground allowances, rock drill operator allowances and meal allowances	
Variable		
Short-term incentives	• Paid annually at corporate level • Paid monthly, quarterly or annually at operations depending on the level of employee • Measured objectively against the group's performance or personal contribution	
Long-term incentives	• Alignment to shareholders' investment horizon and aspirations • Equity linked • Measured objectively against the group's performance or personal contribution	
Equity participation for employees who do not participate in long-term incentives	• Alignment of the aspirations of Pan African Resources' employees at its operations with that of management and shareholders	

EMPLOYEE REMUNERATION COMPONENTS

Component	Purpose	Eligibility	Factors considered
FIXED			
Guaranteed remuneration	Aligned to the value the individual provides to the group, including: • Skills and competencies required to generate results • Sustained contribution to the group • The value of the role and contribution of the individual to the group	Executives, managers and heads of department – paid annually	• Group performance • Outlook for the next financial year • Individual performance
		Collective bargaining	• All relevant factors in the industry such as annual wage agreements
VARIABLE			
Short-term incentive	Designed to drive and reward medium-term results, reflecting the level and time horizon of risk. This includes financial and non-financial results and metrics at an organisation, division and individual (and team) level	Executive committee, management committee, heads of department – paid annually or quarterly (quarterly only for mining production staff such as mine overseers)	• Group financial and strategic performance • Business unit (team) financial and strategic performance • Individual contribution to team performance • Individual performance, including alignment with corporate values and meeting performance objectives • Contribution to meeting risk and compliance requirements at group, team and individual level, risk and compliance requirements also comprise a gateway to whether a payment is made and the size of the payment. Notwithstanding financial performance and the individual contribution and performance, if the individual, team or group does not meet or only partially meets risk and compliance requirements, no award or a reduced award may be made
		Collective bargaining	• Eligibility to participate in the scheme • The maximum variable remuneration as a percentage of total cost to company of an individual • The parameters for production targets to be achieved • The personal KPIs for each participant

REMUNERATION REVIEW continued

Component	Purpose	Eligibility	Factors considered
VARIABLE continued			
Long-term incentives – Appreciation Bonus Plan	Discretionary remuneration designed to drive and reward long-term growth and sustained company value and align the interests of shareholders and participants. These may or may not be share options, share appreciation retention schemes or the like. It should be the intention to structure any form of long-term incentive in such a way as to retain and attract the necessary skills for the group and to ensure that it is market related	Executives and others approved by the board	• Seniority and level of responsibility
Long-term incentives – Equity participation plans	To align the interests of employees with shareholders through providing direct participation in the benefits of future company performance	Collective bargaining employees	• Seniority and level of responsibility
Special remuneration benefits – sign on, retention and termination benefits	Designed to retain and attract certain scarce skills, especially at the heads-of-department and senior management levels	Heads of department and senior managers	• Experience and relevant qualifications

The detailed remuneration of the group's independent non-executive directors, executive directors and prescribed officers is disclosed in the financial statements on pages 158 to 161.

RISK MANAGEMENT AND REMUNERATION

Pan African Resources recognises the need to fairly remunerate employees in order to attract and retain talent. However, it is cognisant of the need to ensure that effective risk management is part of its remuneration consideration, in order to drive the correct behaviour. As such, all employees' KPIs include specific elements that are aligned to the group's long-term goals, including zero harm. Safety is imperative to the mines' operations and the group's remuneration philosophy reinforces the need for the delivery of superior long-term results, while promoting sound risk management principles.

NON-EXECUTIVE REMUNERATION

Remco advises the board on fees for non-executive directors. In determining the annual fees, remco considers the directors' responsibilities throughout the year, scarcity of skills, the group's performance, market-related conditions and local and international comparative remuneration.

King III recommends that fees should comprise a base fee and an attendance fee per meeting. The board agreed that a fixed fee for directors' services on the board and sub-committees was more appropriate, as the board's input extends beyond the attendance at meetings. Non-executive fees are paid on a quarterly basis. There are no contractual arrangements for compensation for loss of office.

Regulatory requirements taken into account when determining non-executive directors' remuneration include the Companies Act, JSE Listings Requirements, King III and the UK Code.

EXCO, OPSCO AND MINE MANAGEMENT REMUNERATION

Remco is responsible for making recommendations to the board on the remuneration of the chief executive officer, those who report directly to him and select other senior staff.

Remuneration is reviewed on an annual basis and takes into account the group's and operations' financial and strategic performance, individual contribution to the group's and operations' performance, alignment with group values and the contribution in meeting risk and compliance requirements. Where the individual, team or group does not meet or partially meets requirements, no award or a reduced award may be made.

An annual benchmarking exercise, through the PricewaterhouseCoopers Remchannel survey, is utilised to determine a fair market-related remuneration. Individual KPIs are agreed upon annually and contain various elements, as shown on page 91. Remuneration comprises fixed and variable (short and long-term incentives) remuneration. Short-term incentives have certain parameters, shown on page 89, to ensure a performance-based culture. The board and executive committee retain discretion to determine which parameters apply and their weighting to reflect immediate priorities. There will be times when it is appropriate, and in shareholders' best interest, to attach more significant weight to (for example) one or more of production, financial or transformation imperatives as circumstances dictate. The following maximum variable remuneration percentages applied to 28 February 2015:

Position	Maximum variable remuneration (as a % of total remuneration)
Chief executive officer and financial director	Up to 55%
Executive committee	Up to 50%
Senior managers and other approved by the board	Up to 50%

With the appointment of the new executive management team on 1 March 2015, the maximum variable remuneration percentages were adjusted as follows:

Position	Maximum variable remuneration (as a % of total remuneration)	Qualification criteria at 100% achievement
Chief executive officer	Up to 90%	60% based on the following production parameters: • Total group gold and PGMs sold – weight 50% • Total group cost per kilogram – weight 30% • Group safety – weight 20% 40% based on personal KPIs determined by the remco. KPIs relate to pre-determined, definitive outcomes which add tangible value to the group. During the last year, KPIs included compliance to employment equity targets and specific objectives with regard to profitability/growth
Executive committee	Up to 60%	60% based on the following production parameters: • Total group gold and PGMs sold – weight 50% • Total group cost per kilogram – weight 30% • Group safety – weight 20% 40% based on personal KPIs are determined by the chief executive officer in consultation with the remco. KPIs relate to specific pre-determined outcomes
Senior managers at corporate level approved by remco	Up to 50%	60% based on the following production parameters: • Total group gold and PGMs sold – weight 50% • Total group cost per kilogram – weight 30% • Group safety – weight 20% 40% based on personal KPIs which relate to specific pre-determined outcomes set by the chief executive officer
Senior managers at operational level approved by remco	Up to 50%	80% based on the following production parameters per individual operation: • Total gold or PGMs sold – weight 50% • Total cost per kilogram – weight 30% • Operational safety – weight 20% 20% based on personal KPIs which relate to specific pre-determined outcomes set by the chief operating officer and general manager

Regulatory requirements taken into account when determining non-executive directors' remuneration include the Companies Act, JSE Listings Requirements, King III and the UK Code.

REMUNERATION REVIEW continued

All executive directors have entered into three-year employment contracts with the group and are remunerated for services performed. In terms of these contracts no amounts are payable at inception or termination at the end of the contract term. There is no limitation on the number of times an executive director may stand for board re-election.

Given the challenging economic and operating environment experienced during the period under review, Pan African Resources' executive directors have resolved that they will forfeit their annual salary increase in the forthcoming financial year.

PRESCRIBED OFFICERS

The group's prescribed officers are those individuals who exercise general executive control over and manage a significant portion of the group's business activities or regularly participate, to a material degree, in the exercise of general executive control over a significant portion of the group's business activities. In accordance with these requirements, Pan African Resources' prescribed officers include:

- Anaki Karigani, chief operating officer
- André van den Bergh, human resources executive
- Casper Strydom, general manager, Barberton Mines
- Band Malunga, general manager, Evander Mines
- Bertin Mcleod, plant manager, Phoenix Platinum

The prescribed officers' remuneration is disclosed on page 159.

SHORT AND LONG-TERM INCENTIVES

Pan African Resources provides both short and long-term incentives to executives, senior management and other persons approved by the board. The short-term incentives are largely used to incentivise eligible employees, based on operational outcomes that are mainly under management control. The long-term incentive is used to drive performance over the longer term (three to five years) to ensure improved alignment with the group's strategic objectives and long-term sustainability.

Share Appreciation Bonus Plan

The main objective of the Share Appreciation Bonus Plan (Bonus Plan) is to provide appropriate incentives to select employees who are employed at a senior managerial level within the group. This ensures retention of key skills required for the ongoing profitable performance and growth of Pan African Resources and to align management interests with those of shareholders.

In terms of the Bonus Plan, select executives and employees (participants) of the group will be allocated notional shares in Pan African Resources. These notional shares will confer the conditional right on the participant to be paid a cash bonus equal to the appreciation in the Pan African Resources share price, from the date of allocation to the date of surrender or deemed surrender of his/her notional shares (share appreciation bonus).

The share appreciation bonus will lapse no later than the sixth anniversary of the date that any of the notional shares were allocated. However, the participant can elect, subject to approval by remco, to surrender his/her notional shares and receive the bonus at a date prior to the sixth anniversary date.

The bonus will be regarded as remuneration for income tax purposes and will be subject to the deduction of PAYE and all other taxes and contributions.

As of February 2015, the chief executive officer no longer participated in further issues under this scheme.

Salary multiples and total

The total bonus scheme exposure and ceiling levels of eligible employees' participation in the Bonus Plan is proposed by remco and approved by the board. The multiples agreed to are shown on page 91 and remco is required to monitor Pan African Resources' exposure to the Bonus Plan in a consistent manner.

Other medium and long-term incentives for executive directors

The other medium and long-term incentive schemes currently in place for executive directors are the following:

Outperformance of the JSE/FTSE Gold Index

A cash/equity-settled share-based payment. For the period 1 September 2013 to 28 February 2015, executive directors were entitled to receive a cash/equity-settled (at the election of remco) payment, in the event that Pan African's share price significantly outperformed the FTSE/JSE gold index. Further detail of these payments are included in note 28 to the financial statements as cash-settled equity options. For this incentive to vest, outperformance of the index by 10% or more was required.

Cash/equity-settled share-based payment to chief executive officer

To incentivise the chief executive officer and align the interests of the chief executive officer with that of the group, and to ensure retention during the three-year contract term, the following long-term incentive was put in place on 28 February 2015:

- Cash/equity-settled payment of 4,000,000 Pan African Resources shares, issued for no consideration and vesting only at the end of the chief executive officer's three year contract term
- Cash/equity-settled payment of a maximum number of a further 4,000,000 Pan African shares, issued for no consideration but vesting only at the end of the chief executive officer's three-year contract term. These shares will only be issued upon meeting certain pre-defined remco criteria, which are determined annually.

The chief executive officer will therefore be eligible for a minimum number of 4,000,000 Pan African shares and maximum number of 8,000,000 Pan African Resources shares at the end of his contract term.

The chief executive officer no longer participates in the Share Appreciation Bonus scheme.

Position	Multiples applied in determining the number of options to be issued
Financial director	3.5 times annual cost-to-company
Executive committee	3.5 times annual cost-to-company
Operations committee	3.0 times annual cost-to-company
Management committee	2.0 times annual cost-to-company

Employee share ownership programme

On 1 June 2015, Barberton Mines implemented an employee share ownership programme. A newly established employee trust (the Trust) will effectively own 5% of the issued share capital of Barberton Mines. The transaction was financed by Barberton Mines on a notional basis with preference share funding attracting a real return of 2% per annum and without any dilution to Pan African Resources. A portion of dividends issued is retained to repay the notional financing. The portion retained ranges from 50% to 80% over the period of the scheme.

In July 2015, a similar scheme was implemented at Evander Mines' with the same terms and conditions as Barberton Mines' programme.

The employee share ownership programme seeks to align the aspirations of Pan African Resources' employees at its operations (Barberton and Evander Mines) with that of management and shareholders. Value will be created for beneficiaries based on the profitability of each operation's performance. Assuming that regular dividends are declared by these operations, beneficiaries will receive benefit from the scheme from year one. In addition, beneficiaries will receive an annual distribution from the BEE Trusts and any capital appreciation will be distributed to the beneficiaries upon winding up of the programme after a minimum of ten years.

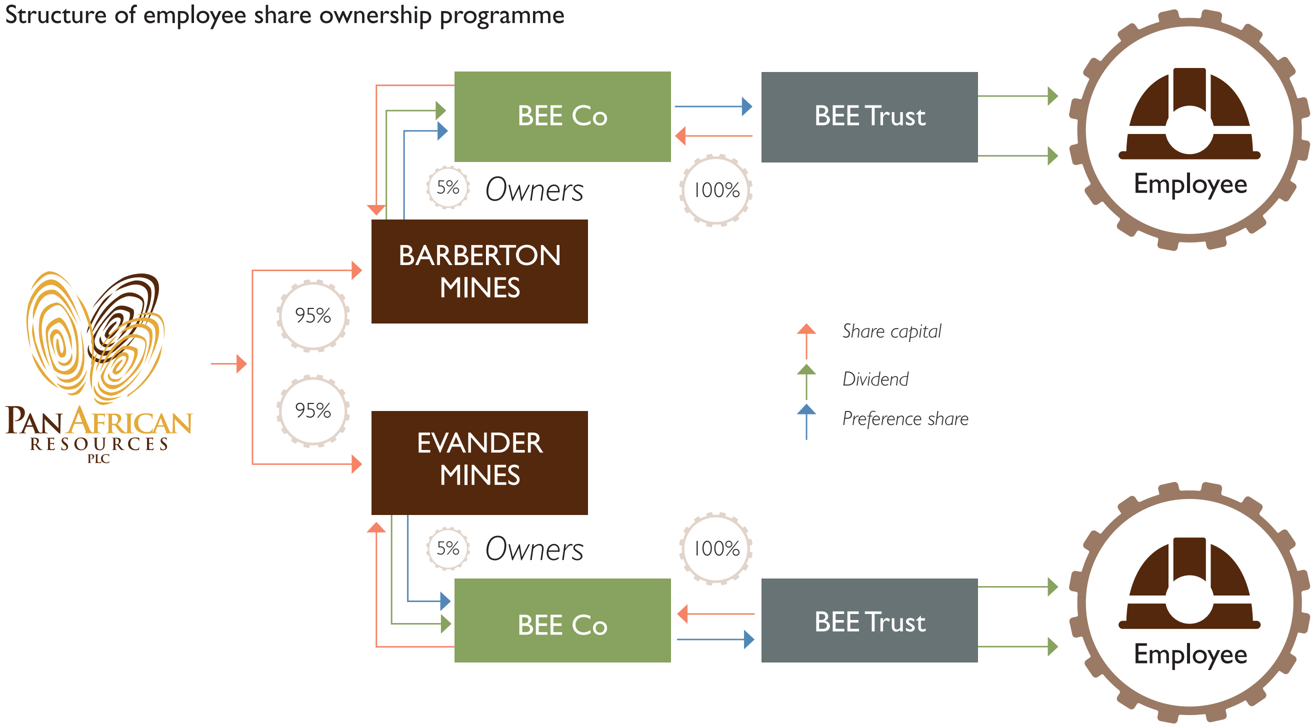
Qualification criteria for annual dividend distributions

- Permanent employee of operation
- Employed in a non-managerial position
- Employed by entity prior to the commencement of the financial year in respect of which the dividend distribution is made
- Remained employed by operation on last day of financial year in respect of which the dividend distribution is made.

Allocation of benefit

- Each qualifying beneficiary receives an equal benefit
- Good leavers during a period receive a pro-rata dividend distribution for that period.

Structure of employee share ownership programme



AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The committee was appointed at the AGM on 21 November 2014. All the directors are considered by the board to have an independent and objective mindset. In terms of the King code there are three independent directors. The audit committee comprises two independent directors and an independent chairman of the board is the third member. In terms of the JSE guidelines the chairman is entitled to be a member of the committee as long as the committee is chaired by an independent board director. This situation has arisen as the company has a small number of directors. In terms of the UK code the audit committee requires a majority of independent members for AIM listed companies. Under the UK codes, the chairman is not independent as he has held historical share options over a long period. These share options were subsequently redeemed during the 2015 financial year.

The committee has reporting responsibilities to the shareholders and the board of directors of Pan African Resources and is accountable to them. It operates in line with a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the governance codes in the UK and South Africa. These codes include the combined code of the UK and King III code.

The performance of the audit committee is evaluated against the charter on an annual basis and a self evaluation of the committee's effectiveness is performed by the members and reviewed by the board.

The independent non-executive directors of the Audit Committee are:

- HH Hickey *(chairperson)*
- T Mosololi
- K Spencer *(board chairman)*

AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

The audit and risk committee fulfils its responsibilities and duties as set out in its charter.

The functions of the audit and risk committee include:

- Review the interim and year-end financial statements and integrated report culminating with a recommendation to the board
- Review the external audit reports, after audit of the interim and year-end financial statements
- Assess the external auditors' independence and performance
- Authorise the audit fees in respect of both the interim and year-end audits
- Specify guidelines and authorise the award of non-audit services to the external auditors
- Review the internal audit and risk management reports with, when relevant, recommendations being made to the board
- Ensure that a coordinated approach to all assurance activities is in place
- Evaluate the appropriateness and effectiveness of risk management, internal controls and the governance processes
- Deal with concerns relating to accounting practices, internal audit, the audit or content of annual financial statements and internal financial controls.

FINANCIAL STATEMENTS

The committee has evaluated the consolidated and separate financial statements for the year ended 30 June 2015 and, based on the information provided to the committee, considers that the consolidated and separate financial statements comply, in all material respects, with the requirements of the UK Companies Act 2006 and International Financial Reporting Standards (IFRS). The requirements from King III are continuously being assessed and improved on with significant issues resolved.

RISK MANAGEMENT

The committee is responsible for ensuring that a risk management process is in place. The board focuses on risk management during the strategy and business planning phase. The audit committee considers the risks when the interim results and final results are produced. The business units produce and evaluate their risks on a quarterly basis. Continued effort to improve the risk management process is ongoing.

The key risks (amongst others) reviewed by the audit committee during this audit were:

- Revenue recognition and management override risks that are considered to be generic risks that need continuous focus
- Going concern is another key focus area and is extremely important when the economic climate is difficult and impairment of assets needs due consideration. In addition the environment is one of increasing costs that put strain on our businesses and there is a great deal of uncertainty in relation to the current labour environment. The audit committee reviewed management's assumptions and considered the group's disclosure on going concern. The auditors' report on the matter was carefully considered and the committee concluded that the business is a going concern and made this recommendation to the board
- The committee reviewed the annual financial statements and the non-financial information in the integrated report and web-based information and concluded that the key risks have been appropriately reported on.

SUBSIDIARY COMPANIES

The functions of the audit committee are also performed for each subsidiary company of the Pan African Resources group that has not appointed an audit committee.

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 2015 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.

FINANCIAL DIRECTOR

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 Deon Louw 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.

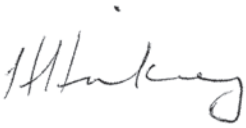
The focus for the year under review has been on obtaining assurance on the following:

- The implementation of the group information technology platform at Evander was managed appropriately
- Alignment of the group internal control policies and procedures have been implemented at Evander
- Review of key risk areas within the control environment and investigations where this was necessary.

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
Audit committee chairperson

16 September 2015

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.

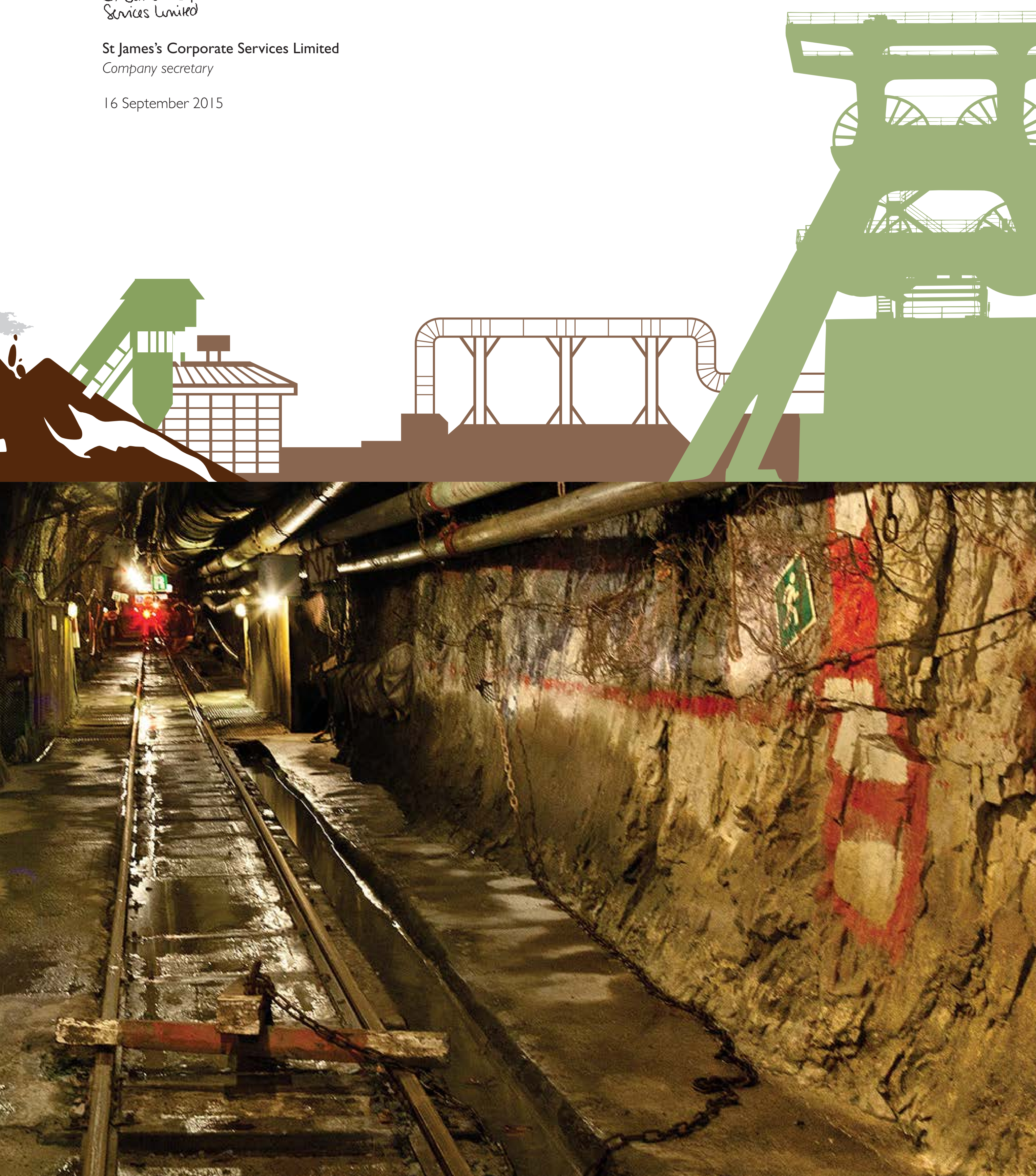
CERTIFICATE OF THE COMPANY SECRETARY

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
Company secretary

16 September 2015



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The group's principal activity during the year was gold and platinum 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 key performance indicators shown on page 30.

RESULTS AND DIVIDENDS

The results for the year are disclosed in the consolidated statement of profit or loss and other comprehensive income on page 105. The salient features of these results can be found on page 3.

The group paid a final dividend of ZAR258 million or GBP14.9 million (2013: ZAR240.3 million or GBP14.7 million) during December 2014 relating to the 2014 financial year, equating to ZAR0.1410 or 0.82 pence (2013: ZAR0.1314 or 0.80 pence) per share.

Proposed final dividend for approval at the AGM

In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million or GBP9.9 million (2014: ZAR258 million or GBP14.9 million), equating to ZAR0.11466 or 0.53958pence (2014: ZAR0.1410 or 0.82pence) per share. This proposed final dividend is subject to approval at the AGM which will take place on 27 November 2015. The reduced dividend is however not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year.

Note: The GBP proposed dividend was calculated based on an exchange rate of ZAR21.25:1. 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 0.53958 pence per share.

The proposed final dividend is calculated on 1,831.5 million issued shares currently outstanding and is to be approved by shareholders at the forthcoming AGM of the company.

POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to settle all agreed transactions within the terms established with suppliers. The company's target credit days are 60 days from statement date.

RISK MANAGEMENT

The key business risks for the group have been considered on page 20.

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 and other board members have the capability 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 and environmental, as well as unforeseen natural disasters.

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

Further details of the group's approach to risk management are given in note 30 to the financial statements on page 151.

INTERNAL CONTROL

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

Internal financial control procedures undertaken by the board include:

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

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

GOING CONCERN

The board confirms that the business is a going concern and that it has reviewed the business's 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 ZAR800 million revolving credit facility (RCF) from a consortium of South African banks (and a two year accordion option subject to the banks' credit approval of an additional ZAR300 million facility), and access to general banking facilities (GBF) of ZAR100 million. At 30 June 2015 the group had capacity on the RCF and GBF facilities of ZAR555 million and ZAR100 million, respectively, and cash on hand of ZAR64.2 million to assist in funding working capital requirements. Management is 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 expenditure activities to conserve cash.

EVENTS AFTER THE REPORTING PERIOD

Evander Mines employee share ownership programme

In the 2016 financial year, Evander Mines implemented an employee share ownership programme which is identical to the scheme implemented at Barberton Mines in June 2015. A newly established employee trust will effectively own 5% of the issued share capital of Evander Mines. The transaction was financed by Evander Mines with preference share funding attracting a real return of 2% per annum and with limited dilution to Pan African Resources' shareholders. A portion of dividends declared is retained to repay the notional financing. The portion retained ranges from 50% to 80%, over the 10 year vesting period of the scheme.

IFL announcement regarding business rescue

Pan African Resources' shareholders are referred to the regulatory announcement published on 26 August 2015 by IFL, whereby IFL announced that as a result of deteriorating business conditions, its South African subsidiary IFMSA, has entered into business rescue. Business rescue is a statutory means of enabling a financially distressed company to continue business, under the supervision of a business rescue practitioner, protected from its creditors.

Phoenix Platinum is situated on the IFMSA property, and a portion of the feedstock for the Phoenix Platinum operation (currently approximately 20%) is obtained from tailings arising from IFMSA's current processing activities. Phoenix Platinum is not solely reliant on material from IFMSA, and has alternative sources of feedstock. Phoenix Platinum sources electricity, water and certain other services from IFMSA.

At this stage, Phoenix Platinum is not in a position to fully assess the impact of the business rescue proceedings on the operation. Phoenix Platinum and Pan African Resources will work closely with the IFMSA business rescue practitioner to ensure that the operations and interests of Phoenix Platinum are safeguarded, which includes the services currently provided by IFMSA. All stakeholders will be kept informed as these discussions progress.

ACQUISITION OF UITKOMST COLLIERY

The group entered into agreements to acquire the Uitkomst Colliery during February and June 2015. Once all the conditions precedent to the agreement are met, the colliery will be acquired from Oakleaf and Shanduka Resources for a cash consideration of ZAR200 million.

The acquisition will be funded from an existing RCF and internally generated cash flows. The acquisition still remains subject to approval by the DMR in terms of section 11 of the MPRDA.

DIRECTORS

The following were directors during the year under review:

KC Spencer *(chairman)*[1]
P Mahanyele (resigned effective 30 June 2015)
JAJ Loots (appointed chief executive officer effective 1 March 2015)
G Louw (appointed financial director effective 1 March 2015)
H Hickey[1]
T Mosololi[1]
R Smith (appointed 8 September 2014)[1]
RA Holding (resigned 1 March 2015)

[1] *Independent non-executive director.*

AUDITORS

Deloitte LLP has been appointed as the statutory auditor and Deloitte & Touche SA 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:

- As far as the directors are aware, all relevant information has been provided to the group's auditors
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves 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.

Deloitte SA and UK has expressed its 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

Cobus Loots
Chief executive officer

16 September 2015

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

> Our strong statement of financial position and well-established cash-generative operations are key differentiators from our peers.

Cobus Loots, chief executive officer

CONTENTS


BIRD MACHINES
quality service innovation

INDEPENDENT AUDITOR'S REPORT
UNITED KINGDOM

To the members of Pan African Resources

We have audited the financial statements of Pan African Resources for the year ended 30 June 2015 which comprise the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Separate Statement of Financial Position, the Consolidated and Separate Statement of Cash Flows, the Consolidated and Separate 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' Statement of Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2015 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
- 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
- The parent company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- 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 2015

INDEPENDENT AUDITOR'S REPORT
SOUTH AFRICA

To the members of Pan African Resources

We have audited the consolidated and separate financial statements of Pan African Resources set out on pages 104 to 171, which comprise the statements of financial position as at 30 June 2015, and the statements of profit or loss and other 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 as at 30 June 2015, 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 Tshabahala
Partner

16 September 2015

CONSOLIDATED AND SEPARATE

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

		CONSOLIDATED		SEPARATE	
	Notes	Audited 30 June 2015 £	Audited 30 June 2014 £	Audited 30 June 2015 £	Audited 30 June 2014 £
ASSETS					
Non-current assets					
Property, plant and equipment and mineral rights	16	**181,532,780**	185,375,968	**–**	70,950
Other intangible assets	17	**202,488**	214,330	**–**	23,108
Deferred taxation	29	**327,748**	366,567	**–**	366,567
Goodwill	18	**21,000,714**	21,000,714	**–**	–
Investments	19	**904,818**	–	**122,911,964**	122,007,254
Investments in associate	19	**–**	1,009,545	**–**	1,009,429
Rehabilitation trust fund	20	**16,181,925**	15,458,291	**–**	–
		220,150,473	223,425,415	**122,911,964**	123,477,308
Current assets					
Inventories	21	**3,502,569**	5,341,128	**–**	–
Receivables from other group companies	35	**–**	–	**31,369,774**	22,455,618
Current tax asset	26	**827,298**	854,568	**141,574**	147,911
Trade and other receivables	22	**9,559,010**	11,696,380	**41,531**	60,426
Cash and cash equivalents	23	**3,328,850**	5,618,323	**888,498**	1,803,545
		17,217,727	23,510,399	**32,441,377**	24,467,500
Non-current assets held for sale	36	**–**	–	**–**	–
Total assets		**237,368,200**	246,935,814	**155,353,341**	24,467,500
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	**18,314,947**	18,299,947	**18,314,947**	18,299,947
Share premium		**94,846,046**	94,792,516	**94,846,046**	94,792,516
Translation reserve		**(56,402,515)**	(47,545,320)	**(7,382,888)**	(5,682,886)
Share option reserve		**1,035,888**	1,154,891	**897,658**	1,016,661
Retained earnings		**110,850,201**	114,106,005	**39,760,855**	1,116,204
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		**(70,679)**	(5,529)	**(70,679)**	–
Equity attributable to owners of the parent		**147,167,487**	159,396,109	**147,925,939**	111,102,442
Total equity		**147,167,487**	159,396,109	**147,925,939**	111,102,442
Non-current liabilities					
Long-term provisions	27	**12,249,367**	12,033,167	**–**	–
Long-term liabilities	28	**16,312,982**	8,141,317	**–**	153,721
Deferred taxation	29	**39,288,059**	43,353,577	**–**	–
		67,850,408	63,528,061	**–**	153,721
Current liabilities					
Trade and other payables	25	**16,799,043**	17,219,749	**213,861**	803,607
Short-term liabilities – interest bearing		**–**	–	**–**	–
Current portion of long-term liabilities	28	**5,047,478**	4,754,803	**–**	560,882
Payable to other group companies	35	**–**	–	**7,213,541**	35,324,156
Current tax liability	26	**503,784**	2,037,092	**–**	–
		22,350,305	24,011,644	**7,427,402**	36,688,645
Total equity and liabilities		**237,368,200**	246,935,814	**155,353,341**	147,944,808

CONSOLIDATED AND SEPARATE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	CONSOLIDATED Audited 30 June 2015 £	CONSOLIDATED Audited 30 June 2014 £	SEPARATE Audited 30 June 2015 £	SEPARATE Audited 30 June 2014 £
Revenue					
Gold sales	4	**135,611,436**	150,288,898	**–**	–
Platinum sales	4	**5,465,447**	4,262,160	**–**	–
Realisation costs		**(690,538)**	(349,454)	**–**	–
On-mine revenue		**140,386,345**	154,201,604	**–**	–
Gold cost of production	5	**(106,644,655)**	(103,099,110)	**–**	–
Platinum cost of production	5	**(3,768,530)**	(3,294,975)	**–**	–
Mining depreciation and amortisation	16,17	**(10,337,211)**	(10,023,361)	**–**	
Mining profit		**19,635,949**	37,784,158	**–**	–
Other income/(expenses)	8	**249,776**	(1,449,853)	**53,880,947**	(565,499)
Loss in associate	19	**(127,950)**	(173,177)	**–**	–
Loss on disposal of asset held for sale	36	**–**	(11,848)	**–**	–
Loss on disposal of associate	19	**(139,970)**	–	**(127,950)**	(173,177)
Impairments	19	**(58,424)**	–	**(139,970)**	–
Royalty costs		**(1,647,297)**	(2,019,066)	**(58,424)**	–
Net income before finance income and finance costs		**17,912,084**	34,130,214	**53,554,603**	(738,676)
Finance income	9	**348,959**	687,185	**53,290**	168,877
Finance costs	9	**(2,458,287)**	(878,064)	**(13,165)**	(31)
Profit before taxation	10	**15,802,756**	33,939,335	**53,594,728**	(569,830)
Taxation	13	**(4,132,789)**	(7,154,742)	**(24,306)**	145,372
Profit after taxation		**11,669,967**	26,784,593	**53,570,422**	(424,458)
Other comprehensive income (net of taxes):					
Items that may be reclassified subsequently to profit and loss					
Fair value movement on available for sale investment	19	**(70,679)**	–	**(70,679)**	–
Other movements		**5,529**	(5,529)	**–**	–
Foreign currency translation differences		**(8,857,195)**	(25,378,975)	**(1,700,002)**	1,071,988
Total comprehensive income for the year		**2,747,622**	1,400,089	**51,799,741**	647,530
Profit attributable to:					
Owners of the parent		**11,669,967**	26,784,593	**53,570,422**	(424,458)
		11,669,967	26,784,593	**53,570,422**	(424,458)
Total comprehensive income attributable to:					
Owners of the parent		**2,747,622**	1,400,089	**51,799,741**	647,530
		2,747,622	1,400,089	**51,799,741**	647,530
Earnings per share	14	**0.64**	1.47		
Diluted earnings per share	14	**0.64**	1.46		

CONSOLIDATED AND SEPARATE

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Share capital £	Share premium £	Translation reserve £	Share option reserve £
CONSOLIDATED				
Balance at 30 June 2013	18,228,342	94,515,562	(22,166,345)	1,031,955
Issue of shares	71,605	276,954	–	–
Total comprehensive income	–	–	(25,378,975)	–
Dividends paid	–	–	–	–
Share-based payment – charge for the year	–	–	–	122,936
Balance at 30 June 2014	**18,299,947**	**94,792,516**	**(47,545,320)**	**1,154,891**
Issue of shares	**15,000**	**53,530**	**–**	**–**
Total comprehensive income	**–**	**–**	**(8,857,195)**	**–**
Dividends paid	**–**	**–**	**–**	**–**
Share-based payment – charge for the year	**–**	**–**	**–**	**(119,003)**
Balance at 30 June 2015	**18,314,947**	**94,846,046**	**(56,402,515)**	**1,035,888**
SEPARATE				
Balance at 30 June 2013	18,228,342	94,515,562	(6,754,874)	897,658
Issue of shares	71,605	276,954	–	–
Total comprehensive income	–	–	1,071,988	–
Dividends paid	–	–	–	–
Share-based payment – charge for the year	–	–	–	119,003
Balance at 30 June 2014	**18,299,947**	**94,792,516**	**(5,682,886)**	**1,016,661**
Issue of shares	**15,000**	**53,530**	**–**	**–**
Total comprehensive income	**–**	**–**	**(1,700,002)**	**–**
Dividends paid	**–**	**–**	**–**	**–**
Share-based payment – charge for the year	**–**	**–**	**–**	**(119,003)**
Balance at 30 June 2015	**18,314,947**	**94,846,046**	**(7,382,888)**	**897,658**

Retained earnings £	Realisation of equity reserve £	Merger reserve £	Other reserves £	Total £
102,005,124	(10,701,093)	(10,705,308)	–	172,208,237
–	–	–	–	348,559
26,784,593	–	–	(5,529)	1,400,089
(14,683,712)	–	–	–	(14,683,712)
–	–	–	–	122,936
114,106,005	**(10,701,093)**	**(10,705,308)**	**(5,529)**	**159,396,109**
–	**–**	**–**	**–**	**68,530**
11,669,967	**–**	**–**	**(65,150)**	**2,747,622**
(14,925,771)	**–**	**–**		**(14,925,771)**
–	**–**	**–**	**–**	**(119,003)**
110,850,201	**(10,701,093)**	**(10,705,308)**	**(70,679)**	**147,167,487**
16,224,374	–	1,560,000	–	124,671,062
–	–	–	–	348,559
(424,458)	–	–	–	647,530
(14,683,712)	–	–	–	(14,683,712)
–	–	–	–	119,003
1,116,204	**–**	**1,560,000**	**–**	**111,102,442**
–	**–**	**–**	**–**	**68,530**
53,570,422	**–**	**–**	**(70,679)**	**51,799,741**
(14,925,771)	**–**	**–**	**–**	**(14,925,771)**
–	**–**	**–**	**–**	**(119,003)**
39,760,855	**–**	**1,560,000**	**(70,679)**	**147,925,939**

CONSOLIDATED AND SEPARATE

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015

	Notes	CONSOLIDATED Audited 30 June 2015 £	CONSOLIDATED Audited 30 June 2014 £	SEPARATE Audited 30 June 2015 £	SEPARATE Audited 30 June 2014 £
Net cash generated from/(used in) operating activities	38	**5,364,480**	22,170,353	**39,723,238**	(14,345,011)
Investing activities					
Additions to property, plant and equipment and mineral rights	16	**(19,528,616)**	(21,461,839)	**–**	(37,748)
Net cash outflows from the acquisition of Evander Mines		**–**	–	**–**	–
Additions to other intangible assets	17	**(25,740)**	(38,617)	**–**	(25,359)
Investments acquired	19	**(1,037,677)**	–	**(1,037,677)**	–
Loans to subsidiaries		**–**	–	**(8,914,156)**	(9,930,678)
Proceeds on disposals of associate		**277,732**	145,366	**277,732**	1,120
Sale of assets and liabilities to PAR Management Services		**–**	–	**(951,449)**	–
Net cash used in investing activities		**(20,314,301)**	(21,355,090)	**(10,625,550)**	(9,992,665)
Financing activities					
Proceeds from borrowings	28	**27,898,927**	22,955,725	**–**	–
Borrowings repaid	28	**(14,728,154)**	(22,431,453)	**(112,476)**	(233,386)
Settlement of equity share option costs	34	**(303,067)**	–	**–**	–
Loans from subsidiaries		**–**	–	**(28,110,615)**	21,551,160
Shares issued	24	**68,530**	348,559	**68,530**	348,559
Share issue costs		**–**	–	**–**	–
Net cash from/(used in) financing activities		**12,936,236**	872,831	**(28,154,561)**	21,666,333
Net (decrease)/increase in cash and cash equivalents		**(2,013,585)**	1,688,094	**943,127**	(2,671,343)
Cash and cash equivalents at the beginning of the year		**5,618,323**	4,768,916	**1,803,545**	3,304,949
Effect of foreign exchange rate changes		**(275,888)**	(838,687)	**(1,858,174)**	1,169,939
Cash and cash equivalents at the end of the year	23	**3,328,850**	5,618,323	**888,498**	1,803,545

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

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 are expressed in pounds sterling. The financial statements have been prepared on the going concern basis.

The financial statements have also been prepared in accordance with the 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. IFRS 3: Business Combinations defines the acquirer in a business combination as the entity that obtains control. Accordingly, the combination was accounted for as a reverse acquisition.

Going concern

The financial position of the group, its cash flows and liquidity position are described in these financial statements. In addition, note 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 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 2015 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 2015.

Standard	Amendment	Effective date
IAS 16: Property, Plant and Equipment	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 19: Employee Benefits	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 27: Separate Financial Statements	Amendments for investment entities	Annual periods beginning on or after 1 January 2014
IAS 24: Related Party Disclosures	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (management entities)	Annual periods beginning on or after 1 July 2014
IAS 32: Financial Instruments: Presentation	Amendments to application guidance on the offsetting of financial assets and financial liabilities	Annual periods beginning on or after 1 January 2014

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Standard	Amendment	Effective date
IAS 36: Impairment of Assets	Amendments resulting from recoverable amount disclosures	Annual periods beginning on or after 1 January 2014
IAS 38: Intangible Assets	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 39: Financial Instruments: Recognition and Measurement	Amendments for novations of derivatives	Annual periods beginning on or after 1 January 2014
IFRS 2: Share-based Payment	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (definition of 'vesting condition')	Annual periods beginning on or after 1 July 2014
IFRS 3: Business Combinations	Amendments resulting from Annual Improvements 2010 – 2012 Cycle (accounting for contingent consideration)	Annual periods beginning on or after 1 July 2014
IFRS 3: Business Combinations	Amendments resulting from Annual Improvements 2011 – 2013 Cycle (scope exception for joint ventures)	Annual periods beginning on or after 1 July 2014
IFRS 8: Operating Segments	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 10: Consolidated Financial Statements	Amendments to introduce investment entities exceptions to consolidation	Annual periods beginning on or after 1 January 2014
IFRS 12: Disclosure of Interests in Other Entities	Amendments to introduce investment entities exceptions to consolidation	Annual periods beginning on or after 1 January 2014
IFRS 13: Fair Value Measurement	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

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 2015.

Standard	Amendment	Effective date
IFRS 1: First-time Adoption of International Financial Reporting Standards	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 7: Financial Instruments: Disclosures	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	Annual periods beginning on or after 1 January 2015
IFRS 7: Financial Instruments: Disclosures	Amendments resulting from September 2014 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2016
IFRS 9: Financial Instruments	Reissue of a complete standard with all the chapters incorporated	Annual periods beginning on or after 1 January 2018
IFRS 10: Consolidated Financial Statements	Amendments on sale or contribution of assets between an investor and its associate or joint venture	Annual periods beginning on or after 1 January 2016
IFRS 10: Consolidated Financial Statements	Amendments related to the application of the investment entities exceptions	Annual periods beginning on or after 1 January 2016
IFRS 11: Joint Arrangements	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: Disclosure of Interests in Other Entities	Amendments related to the application of the investment entities exceptions	Annual periods beginning on or after 1 January 2016

Standard	Amendment	Effective date
IFRS 14: Regulatory Deferral Accounts	Original issue	Annual periods beginning on or after 1 January 2016
IFRS 15: Revenue from Contracts with Customers	Original issue	Annual periods beginning on or after 1 January 2017
IAS 1: Presentation of Financial Statements	Amendments arising under the Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IAS 16: Property, Plant and Equipment	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: Property, Plant and Equipment	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: Employee Benefits	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 27: Separate Financial Statements	Amendments relating to equity method in separate financial statements	Annual periods beginning on or after 1 January 2016
IAS 28: Investments in Associates and Joint Ventures	Amendments on sale or contribution of assets between an investor and its associate or joint venture	Annual periods beginning on or after 1 January 2016
IAS 28: Investments in Associates and Joint Ventures	Amendments related to the application of the investment entities exceptions	Annual periods beginning on or after 1 January 2016
IAS 34: Interim Financial Reporting	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 38: Intangible Assets	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

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 profit or loss and other 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.

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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 orebodies, to define mineralisation in existing orebodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, is capitalised within capital under construction until commercial levels of production are achieved. Capital under construction is not depreciated. All revenue generated during the commissioning phase is capitalised back to the property, plant and equipment as per IAS 16.

Mineral and surface rights

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

Land

Land is shown at cost and is not depreciated.

Gain or loss on disposal or retirement of assets

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

Depreciation

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

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

Depreciation of non-mining assets

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

- Evaluates as being technically or commercially feasible
- Has sufficient resources to complete development
- 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 profit or loss and other 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 profit or loss and other 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 is 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 profit or loss and other 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.

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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 lower of the average cost of the material fed to process plus the in-process conversion costs and net realisable value.

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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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:

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

Financial assets

The group classifies financial assets into the following categories:

- At fair value through profit or loss (FVTPL)
- Loans and receivables
- Held-to-maturity (HTM)
- Available for sale (AFS).

The classification of the financial assets is dependent on the purpose and characteristics of the particular financial assets and is determined at the date of initial recognition. Management reassesses the classification of financial assets on an annual basis.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the asset is either held-for-trading or is a derivative that does not satisfy the criteria for hedge accounting or is designated at FVTPL.

Held-to-maturity (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the group has an intention and ability to hold to maturity are classified as held-to-maturity.

These financial assets are measured at amortised cost using the effective interest method. Any subsequent impairment, where the carrying amount falls below the recoverable amount, is included in the determination of other net income/expenditure.

The group held no HTM instruments during the period or at year-end.

Available for sale (AFS)

Other non-derivative financial assets are classified as AFS which are initially recognised at fair value. Any subsequent gains or losses are recognised directly in other comprehensive income, unless there is objective evidence and the fair value has declined below cost, less accumulated impairments. On disposal or impairment of the financial asset, all cumulative unrecognised gains or losses, which were previously reflected in equity, are included in profit or loss for the period.

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss (FVTPL), are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been negatively impacted.

Derecognition of financial assets

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

Financial liabilities and equity instruments issued by the group

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 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
- 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
- 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
- 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
- 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.

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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 remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit or loss and other 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 profit or loss and other 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 is 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 profit or loss and other 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.

Fair value measurement

The assessment of fair value is principally used in accounting for business combinations, impairment testing and the valuation of certain financial assets and liabilities. Fair value is determined based on observable market data (in the case of listed investments, the market share price at 30 June of the respective investments is utilised) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flows are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy as defined in IFRS 13: Fair Value Measurement as they depend to a significant extent on unobservable valuation inputs. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. In particular, expected future cash flows, which are used in discounted cash flow models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

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 asset 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 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 PGEs.

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 life of mine is determined from development plans based on mine management's estimates and includes total mineral reserves and a portion of the mineral resources
  - These plans are updated from time to time and take into consideration the actual current cost of extraction, as well as certain forward projections. These projections are reviewed by the board
- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted
- Estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade
- Estimates of the recoverability of goodwill and intangible assets
- Estimates of the fair value of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets
- Estimates involved in feasibility studies related to exploration and growth projects and hence the recoverability of any related capital expenditure.

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4. REVENUE

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Gold sales	**135,611,436**	150,288,898	**–**	–
Platinum sales	**5,465,447**	4,262,160	**–**	–
Realisation costs	**(690,538)**	(349,454)	**–**	–
On-mine revenue	**140,386,345**	154,201,604	**–**	–
Finance income	**348,959**	687,185	**53,290**	168,877
	140,735,304	154,888,789	**53,290**	168,877

5. COST OF PRODUCTION

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Gold cost of production				
Salaries and wages	**(47,785,708)**	(48,504,902)	**–**	–
Mining	**(12,676,638)**	(11,303,131)	**–**	–
Processing	**(14,349,345)**	(11,468,725)	**–**	–
Engineering and technical services	**(7,595,857)**	(8,921,246)	**–**	–
Electricity	**(15,089,408)**	(14,817,185)	**–**	–
Security	**(2,154,974)**	(2,339,247)	**–**	–
Administration and other	**(5,706,416)**	(5,386,383)	**–**	–
Inventory valuation adjustment	**(1,286,309)**	(358,291)	**–**	–
	(106,644,655)	(103,099,110)	**–**	–
Platinum cost of production				
Salaries and wages	**(1,089,427)**	(1,046,378)	**–**	–
Processing	**(1,005,258)**	(1,000,589)	**–**	–
Other plant operation costs	**(49,598)**	(63,459)	**–**	–
Electricity	**(208,303)**	(210,709)	**–**	–
Refining costs	**(1,415,944)**	(973,840)	**–**	–
	(3,768,530)	(3,294,975)	**–**	–

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 Proprietary Limited (Barberton Mines), located in Barberton, South Africa, derives revenue from the sale of gold to South African financial institutions
- Evander Gold Mining Proprietary Limited and Evander Gold Mines Limited (collectively known as Evander Mines), located in Evander South Africa, derive revenue from the sale of gold to South African financial institutions
- Phoenix Platinum Mining Proprietary Limited (Phoenix Platinum), located in the North West province in South Africa, derives revenue from the sale of platinum group elements (PGE) concentrate to Western Platinum Limited (a subsidiary of Lonmin PLC)
- Corporate office and growth projects, which included Auroch Minerals NL investments in the prior year, derives revenue from management fees resulting from providing management and administration services to other group companies. Management fee income is disclosed in other expenses (refer to note 8)
- Pan African Resources Funding Company Proprietary Limited (Funding Company) provides treasury function activities for the group.

The executive committee reviews the operations in accordance with the disclosures presented below.

Year ended 30 June 2015

	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate office and growth projects £	Funding Company[3] £	Consolidated £
Revenue						
Gold sales[1]	81,609,692	54,001,744	–	–	–	135,611,436
Platinum sales	–	–	5,465,447	–	–	5,465,447
Realisation costs	(534,421)	(156,117)	–	–	–	(690,538)
On-mine revenue	81,075,271	53,845,627	5,465,447	–	–	140,386,345
Cost of production	(50,434,360)	(56,210,295)	(3,768,530)	–	–	(110,413,185)
Depreciation	(4,008,467)	(5,963,752)	(364,992)	–	–	(10,337,211)
Mining profit	26,632,444	(8,328,420)	1,331,925	–	–	19,635,949
Other expenses[2]	(966,703)	5,057,581	(163,390)	(3,676,779)	(933)	249,776
Loss from associate	–	–	–	(127,950)	–	(127,950)
Loss on disposal of associate/asset held for sale	–	–	–	(139,970)	–	(139,970)
Impairment costs	–	–	–	(58,424)	–	(58,424)
Royalty costs	(1,595,802)	(51,495)	–	–	–	(1,647,297)
Net income/(loss) before finance income and finance costs	24,069,939	(3,322,334)	1,168,535	(4,003,123)	(933)	17,912,084
Finance income	109,514	167,047	11,186	53,290	7,922	348,959
Finance costs	(246,094)	(918,923)	(1,136)	(13,164)	(1,278,970)	(2,458,287)
Profit/(loss) before taxation	23,933,359	(4,074,210)	1,178,585	(3,962,997)	(1,271,981)	15,802,756
Taxation	(5,956,861)	2,270,046	(336,438)	(89,033)	(20,503)	(4,132,789)
Profit/(loss) after taxation before inter-company charges	17,976,498	(1,804,164)	842,147	(4,052,030)	(1,292,484)	11,669,967
Inter-company transactions						
Management fees	(1,666,667)	(1,248,661)	(152,777)	3,068,105	–	–
Inter-company interest charges	(57,776)	(1,230,251)	(4,605)	(16,450)	1,309,082	–
Profit/(loss) after taxation after Inter-company charges	16,252,055	(4,283,076)	684,765	(1,000,375)	16,598	11,669,967

[1] *All gold sales were made in the Republic of South Africa and the majority of revenue (more than 90%) was generated from, Rand Refinery. Towards the end of the financial year, the group started selling gold to South African financial institutions through its Funding Company.*

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

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

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6. SEGMENTAL ANALYSIS continued

	Year ended 30 June 2014					
	Barberton Mines £	Evander Mines £	Phoenix Platinum £	Corporate office and growth projects £	Funding Company[3] £	Consolidated £
Revenue						
Gold sales[1]	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[2]	(1,704,438)	857,879	(20,576)	(566,710)	(16,008)	(1,449,853)
Loss from associate	–	–	–	(173,177)	–	(173,177)
Loss on disposal of associate/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 before inter-company charges	23,622,054	4,210,520	215,631	(425,669)	(837,943)	26,784,593
Inter-company transactions						
Management fees	(509,479)	(337,678)	(29,620)	876,777	–	–
Inter-company interest charges	–	(863,345)			863,345	–
Profit after taxation after inter-company charges	23,112,575	3,009,497	186,011	451,108	25,402	26,784,593

[1] *All gold sales were made in the Republic of South Africa and the majority of revenue (more than 90%) was generated from, Rand Refinery. Towards the end of the financial year, the group started selling gold to South African financial institutions through its Funding Company.*
[2] *Other expenses exclude inter-company management fees and dividends.*
[3] *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[3] £	Consolidated £
Segmental assets						
Year ended 30 June 2015						
Total assets excluding goodwill	**55,423,588**	**146,705,365**	**10,850,893**	**2,454,933**	**932,707**	**216,367,486**
Segmental liabilities	**21,528,152**	**52,987,201**	**933,751**	**1,973,835**	**12,777,774**	**90,200,713**
Goodwill	**21,000,714**	**–**	**–**	**–**	**–**	**21,000,714**
Net assets (excluding goodwill)	**33,895,436**	**93,718,164**	**9,917,142**	**481,098**	**(11,845,067)**	**126,166,773**
Capital expenditure	**6,258,248**	**13,231,962**	**31,355**	**32,791**	**–**	**19,554,356**
Year ended 30 June 2014						
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

All assets are held within South Africa, with the exception of Auroch Minerals NL in the prior year, 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 additions to property plant and equipment and mineral rights and intangible assets (refer to notes 16 and 17).

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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:

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Not later than one year	**195,374**	144,090	–	62,432
Later than one year and no later than five years	**536,793**	101,713	–	–
	732,167	245,803	–	62,432
Minimum lease payments under operating leases recognised as an expense in the year:	**100,947**	105,768	**82,639**	85,535

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 at the mining operations. The only material operating lease relates to the corporate office. During the current year the existing lease agreement for the corporate office was renewed under a separate group entity and has the following terms as at 30 June 2015:

Duration of lease	5 years
Commencement of lease	1 April 2015
Remaining lease term	57
Escalation rate	8%
Tenant	Pan African Resources Management Services Company Proprietary Limited
Landlord	Investec Property Fund Limited
Monthly lease payments	£10,286

8. OTHER INCOME/(EXPENSES)

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Dividends received – subsidiary	–	–	54,709,384	–
Dividends received – other investments	34,969	–	34,969	–
Management fees	–	–	–	876,777
Foreign exchange (loss)/gain	(41,266)	71,678	(2,282)	2,958
Operating leases	(100,947)	(105,768)	(82,639)	(85,535)
Non-mining depreciation	(49,094)	(37,342)	–	(37,342)
Non-executive directors' emoluments	(139,508)	(146,004)	(139,508)	(146,004)
Executive directors' emoluments	(1,042,762)	(615,085)	–	(615,085)
Equity-settled share options expense (refer to note 34)	(184,064)	(122,936)	–	(119,003)
Cash-settled share options expense (refer to note 28)	(294,627)	(1,607,709)	–	(648,426)
Auditors' fees	(164,003)	(148,870)	(61,024)	(69,226)
Salaries corporate office	(683,902)	(1,180,277)	–	(1,180,277)
Investor and public relations	(162,945)	(126,899)	(39,768)	(126,899)
New business	(278,418)	(246,000)	(165,541)	(246,000)
Legal fees	(104,582)	(28,917)	(57,565)	(14,094)
Community projects	(1,154,892)	(1,125,628)	–	–
Profits arising from realised financial instruments (refer to note 30)	2,486,608	2,310,426	–	2,310,426
(Loss)/profit on disposal of assets	(149)	20,497	–	–
Rehabilitation provision adjustment	–	340,530	–	–
Rehabilitation trust fund fair value adjustments	1,827,253	923,188	–	–
Other net income/(expense)	302,105	375,263	(315,079)	(467,769)
	249,776	(1,449,853)	53,880,947	(565,499)

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9. FINANCE INCOME/(COSTS)

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Interest income – bank	**205,249**	272,388	**53,290**	168,877
Interest income – other	**87,222**	–		–
Interest income – rehabilitation trust fund	**56,488**	414,797	**–**	–
	348,959	687,185	**53,290**	168,877
Interest expense – bank	**(1,278,970)**	(834,957)	**(13,165)**	(31)
Interest expense – SARS	**(34,748)**	(32,933)	**–**	–
Interest expense – rehabilitation provision	**(1,094,191)**	–	**–**	–
Interest expense – other	**(50,378)**	(10,174)	**–**	–
	(2,458,287)	(878,064)	**(13,165)**	(31)
Net finance (expense)/income	**(2,109,328)**	(190,879)	**40,125**	168,846

10. PROFIT BEFORE TAXATION

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Profit before taxation has been arrived at after charging:				
Management fee expense/(income)				
– Shanduka Resources Services Proprietary Limited (Shanduka) (refer to note 35)	**240,480**	63,084	**–**	–
– Barberton Mines[1]	**–**	–	**–**	(509,479)
– Phoenix Platinum[1]	**–**	–	**–**	(29,621)
– Evander Mines[1]	**–**	–	**–**	(337,678)
Equity-settled share option expense (refer to note 34)	**184,064**	122,936	**–**	119,003
Cash-settled share option expense (refer to note 28)	**294,627**	1,607,709	**–**	648,426
Mining depreciation	**10,337,211**	10,023,361	**–**	–
Impairment costs	**58,424**	–	**58,424**	–
Staff costs	**50,601,799**	50,509,231	**–**	1,180,277
Royalty costs	**1,647,297**	2,019,066	**–**	–
New business	**278,418**	246,000	**165,541**	246,000
Operating leases	**100,947**	105,768	**82,639**	85,535

[1] *Management agreements between the mining operations and company were ceded to Pan African Management Services Company Proprietary Limited, during the year.*

11. AUDITORS' REMUNERATION

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Fees payable to the company's auditors for the audit of the company's annual financial statements	**1,167**	7,911	**1,167**	7,911
Audit of the consolidated financial statements	**45,758**	61,315	**45,758**	61,315
Audit of the company's subsidiaries pursuant to legislation	**110,122**	79,644	**–**	–
Underprovision of audit fee in the prior year	**6,956**	–	**14,099**	–
Total audit fees	**164,003**	148,870	**61,024**	69,226
Other services rendered by the auditors				
External auditors	**16,689**	21,271	**16,689**	18,434
Internal auditors	**39,017**	–	**–**	–
Total non-audit fees	**55,706**	21,271	**16,689**	18,434

All audit fees were paid within South Africa with the exception of £42,500 (2014: £42,000) which was paid in the United Kingdom.

12. STAFF COSTS

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Their aggregate remuneration comprised:				
Salaries and wages	**45,098,239**	45,761,629	**–**	1,067,424
Other retirement costs (refer to note 31)	**5,503,560**	4,747,602	**–**	112,853
	50,601,799	50,509,231	**–**	1,180,277

	CONSOLIDATED			
	Year ended 30 June 2015 Average	Year ended 30 June 2015 Closing	Year ended 30 June 2014 Average	Year ended 30 June 2014 Closing
Operating cost employees were:				
Corporate	**14**	**14**	14	14
Evander Mines	**2,247**	**2,239**	2,312	2,324
Phoenix Platinum	**3**	**3**	4	4
Barberton Mines	**1,675**	**1,692**	1,690	1,702
	3,939	**3,948**	4,020	4,044
Capital employees				
Barberton Mines	**192**	**190**	189	197
Evander Mines	**203**	**188**	217	209
	395	**378**	406	406
Total number of employees	**4,334**	**4,326**	4,426	4,450

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12. STAFF COSTS continued

	SEPARATE			
	Year ended 30 June 2015 Average	Year ended 30 June 2015 Closing	Year ended 30 June 2014 Average	Year ended 30 June 2014 Closing
Operating cost employees were:				
Corporate	14	14	14	14
Evander Mines	–	–	–	–
Phoenix Platinum	–	–	–	–
Barberton Mines	–	–	–	–
Total number of employees	**14**	**14**	14	14
Capital employees				
Barberton Mines	–	–	–	–
Evander Mines	–	–	–	–
	–	–	–	–
Total number of employees	**14**	**14**	14	14

13. TAXATION

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Income tax expense				
South African normal taxation				
– current year	**5,456,327**	8,649,810	**24,306**	8,064
– prior year	**(86,758)**	423,827	**–**	–
Deferred taxation				
– current year	**(1,236,780)**	(1,918,895)	**–**	(153,436)
Total taxation charge	**4,132,789**	7,154,742	**24,306**	(145,372)
Profit before taxation	**15,802,756**	33,939,335	**53,594,728**	(569,830)
Taxation at the domestic taxation rate of 28%	**4,424,772**	9,503,014	**15,006,524**	(159,552)
(Exempt income)/non-deductible expenses	**(344,288)**	(40,158)	**(14,983,971)**	133,113
(Overprovision)/underprovision – prior year	**(70,584)**	21,399	**–**	(109,391)
Taxation rate differential	**122,889**	(2,289,169)	**–**	–
Tax effect of utilisation of tax losses	**–**	(40,344)	**1,753**	(9,542)
Taxation expense for the year	**4,132,789**	7,154,742	**24,306**	(145,372)
Effective taxation rates	**%**	**%**	**%**	**%**
South African statutory rate	**28.00**	28.00	**28.00**	28.00
Taxation rate differential	**0.78**	(6.74)	**–**	–
Non-deductible expenses/(exempt income)	**(2.18)**	(0.12)	**(27.96)**	(23.36)
(Overprovision)/underprovision – prior year	**(0.45)**	0.06	**–**	19.20
Tax effect of utilisation of tax losses	**–**	(0.12)	**–**	1.67
Effective taxation rate	**26.15**	21.08	**0.04**	25.51

13. TAXATION continued

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 Evander Tailings Retreatment Project (ETRP) and other projects).

	CONSOLIDATED	
	30 June 2015 £	30 June 2014 £
Phoenix Platinum	**4,967,775**	6,889,777
Evander Mines	**16,684,726**	7,725,719
	21,652,501	14,615,496
At year-end the group has the following assessed losses carried forward		
Evander Mines	**4,565,108**	–
Total	**4,565,108**	–

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.

	Net profit £	Weighted average number of shares	Earnings per share Pence
Year ended 30 June 2015			
Basic earnings per share	**11,669,967**	**1,830,422,160**	**0.64**
Share options	**–**	**545,106**	**–**
Diluted earnings per share	**11,669,967**	**1,830,967,266**	**0.64**
Year ended 30 June 2014			
Basic earnings per share	26,784,593	1,827,207,555	1.47
Share options	–	4,131,619	(0.01)
Diluted earnings per share	26,784,593	1,831,339,174	1.46

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14. EARNINGS PER SHARE continued

Headline earnings per share

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

Reconciliation between earnings and headline earnings from continuing operations:

	Net profit £	Weighted average number of shares	Earnings per share Pence
Year ended 30 June 2015			
Earnings as reported	**11,669,967**	**1,830,422,160**	**0.64**
Adjustments[1]:			
Impairment costs	**58,424**	**–**	**–**
Loss/(profit) on sale of property, plant and equipment and mineral rights	**149**	**–**	**–**
Loss on disposal of associate/asset held for sale	**139,970**	**–**	**0.01**
Headline earnings per share[2]	**11,868,510**	**1,830,422,160**	**0.65**
Share options	**–**	**545,106**	**–**
Diluted headline earnings per share	**11,868,510**	**1,830,967,266**	**0.65**
Year ended 30 June 2014			
Earnings as reported	26,784,593	1,827,207,555	1.47
Adjustments[1]:			
Impairment costs	–	–	–
(Profit)/loss on sale of property, plant and equipment and mineral rights	(20,497)	–	–
Loss on disposal of associate/asset held for sale	11,848	–	–
Headline earnings per share[2]	26,775,944	1,827,207,555	1.47
Share options	–	4,131,619	(0.01)
Diluted headline earnings per share	26,775,944	1,831,339,174	1.46

[1] *The adjustments accounted for, did not have any taxation impact to the group.*
[2] *Headline earnings per share is required to be disclosed in terms of the Listings Requirements of the JSE Limited.*

	CONSOLIDATED	
	30 June 2015 Pence	30 June 2014 Pence
Net asset value per share	**8.04**	8.71
Tangible net asset value per share[1]	**3.56**	3.93

[1] *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 revised and further clarified its dividend policy in the prior year, 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 final dividend of ZAR258 million or GBP14.9 million (2013: ZAR240.3 million or GBP14.7 million) during December 2015 relating to the 2014 financial year, equating to ZAR0.1410 or 0.82 pence (2013: ZAR0.1314 or 0.80 pence) per share.

Proposed final dividend for approval at the AGM

In light of market uncertainties, the board has proposed a reduced dividend of ZAR210 million (2014: ZAR258 million) or ZAR0.11466 (ZAR2014: ZAR0.1410) per share, equating to GBP9.9 million (2014: GBP14.9 million) or 0.54 pence (2014: 0.82 pence) per share for the period ended 30 June 2015. This proposed final dividend is subject to approval at the AGM which will take place on 27 November 2015. The reduced dividend is not a departure from the group's progressive dividend policy and the board will consider an interim dividend in the 2016 financial year.

Assuming the dividend is approved by the shareholders, the following salient dates would apply:

Currency conversion date	Friday, 27 November
Last date to trade on the exchanges	Friday, 4 December
Ex-dividend date on the JSE	Monday, 7 December
Ex-dividend date on the LSE	Thursday, 10 December
Record date	Friday, 11 December
Payment date	Thursday, 24 December

The GBP proposed final dividend was calculated based on an exchange rate of ZAR21.25:1. The UK shareholders are to note that a revised exchange rate will be communicated prior to final approval at the AGM. Therefore the proposed final dividend is approximately 0.54 pence per share.

The local dividends tax rate is fifteen percent per ordinary share for shareholders who are liable to pay the dividends tax would receive a net dividend of ZAR0.097 (0.46 pence) per share. The company's South African income tax reference number is 9,154,588,173 and it has 1,831,494,763 shares currently in issue.

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16. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS

	Land[1] £	Mineral rights and mining property[4] £	Building and infrastructure £
CONSOLIDATED			
Cost			
Balance at 30 June 2013	2,365,181	89,567,167	16,826,517
Transfer from assets under construction	–	–	11,244,560
Additions	–	–	4,368,427
Disposal	(1,315)	–	–
Reclassification to surface tailings acquired[3]	–	(555,247)	–
Foreign currency translation reserve	(393,896)	(14,919,573)	(3,782,467)
Balance at 30 June 2014	1,969,970	74,092,347	28,657,037
Transfer to intangibles	–	–	–
Transfer from assets under construction	–	–	–
Additions	–	–	**1,172,467**
Disposal	–	–	–
Foreign currency translation reserve	**(131,672)**	**(4,952,286)**	**(1,994,393)**
Balance at 30 June 2015	**1,838,298**	**69,140,061**	**27,835,111**
Accumulated depreciation			
Balance at 30 June 2013	–	(7,656,686)	(1,129,942)
Charge for the year[2]	–	(1,466,161)	(2,196,230)
Disposal	–	–	–
Transfers	–	–	395,687
Foreign currency translation reserve	–	1,367,397	301,190
Balance at 30 June 2014	–	(7,755,450)	(2,629,295)
Charge for the year[2]	–	**(1,248,676)**	**(1,647,040)**
Transfers	–	–	–
Disposal	–	–	–
Foreign currency translation reserve	–	**602,478**	**286,682**
Balance at 30 June 2015	–	**(8,401,648)**	**(3,989,653)**
Carrying amount			
At 30 June 2014	1,969,970	66,336,897	26,027,742
At 30 June 2015	**1,838,298**	**60,738,413**	**23,845,458**

[1] *Details of land are maintained in a register held at the offices of Barberton Mines, Evander Mines and Phoenix Platinum, 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 and amortisation charge of £10,337,211 has been recognised in the statement of profit or loss (2014: £10,023,361) and includes direct mining depreciation of £10,185,964 (2014: £9,911,361) as per below.*

	CONSOLIDATED 30 June 2015 £	30 June 2014 £
Depreciation on property, plant and equipment and mineral right	***10,221,204***	*9,947,999*
Amortisation on intangible assets	***165,101***	*112,704*
Non-mining depreciation	***(49,094)***	*(37,342)*
Total mining depreciation	***10,337,211***	*10,023,361*
Non-mining amortisation	***(151,247)***	*(112,000)*
Direct mining depreciation	***10,185,964***	*9,911,361*

[3] *In the prior year the group purchased tailings for the BTRP for future , 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.*

Plant and machinery £	Capital under construction £	Shafts and exploration £	Surface tailings[5] £	Other £	Total £
64,541,612	35,923,887	29,615,833	–	209,328	239,049,525
10,202,942	(21,407,327)	(40,175)	–	–	–
6,288,165	7,552,843	3,214,656	–	37,748	21,461,839
–	–	–	–	(1,598)	(2,913)
–	–	–	555,247	–	–
(11,725,625)	(5,174,758)	(5,132,407)	–	(37,137)	(41,165,863)
69,307,094	16,894,645	27,657,907	555,247	208,341	219,342,588
(141,946)	**–**	**–**	**–**	**–**	**(141,946)**
23,551,820	**(23,588,815)**	**–**	**–**	**36,995**	**–**
1,872,635	**13,231,962**	**3,241,897**	**–**	**9,655**	**19,528,616**
(1,389)	**–**	**–**	**–**	**–**	**(1,389)**
(6,335,389)	**(431,615)**	**(2,067,003)**	**(37,112)**	**(17,068)**	**(15,966,538)**
88,252,825	**6,106,177**	**28,832,801**	**518,135**	**237,923**	**222,761,331**
(11,019,912)	(17,299)	(9,624,720)	–	(111,289)	(29,559,848)
(5,090,610)	(170,136)	(987,036)	–	(37,826)	(9,947,999)
–	–	–	–	480	480
(165,511)	–	(230,176)	–	–	–
2,165,416	6,262	1,679,674	–	20,808	5,540,747
(14,110,617)	(181,173)	(9,162,258)	–	(127,827)	(33,966,620)
(5,940,068)	**(280,229)**	**(1,065,115)**	**–**	**(40,076)**	**(10,221,204)**
17,525	**–**	**–**	**–**	**(17,525)**	**–**
602	**–**	**–**	**–**	**–**	**602**
1,342,032	**30,985**	**684,149**	**–**	**12,345**	**2,958,671**
(18,690,526)	**(430,417)**	**(9,543,224)**	**–**	**(173,083)**	**(41,228,551)**
55,196,477	16,713,472	18,495,649	555,247	80,514	185,375,968
69,562,299	**5,675,760**	**19,289,577**	**518,135**	**64,840**	**181,532,780**

[4] *Included within this category are exploration assets (Evander South. Rolspruit and Poplar) arising from the acquisition of Evander Mines for which the technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable, refer to below.*

	Exploration assets £	*Mineral rights and mining property £*	*Total Mineral rights and mining property £*
Opening balance 1 July 2014	*32,899,922*	*33,436,975*	*66,336,897*
Additions	*–*	*–*	*–*
Transfer to mineral right	*(6,758,500)*	*6,758,500*	*–*
Depreciation and amortisation	*–*	*(1,248,676)*	*(1,248,676)*
Foreign currency translation reserve	*(1,743,774)*	*(2,606,034)*	*(4,349,808)*
Closing balance 30 June 2015	*24,397,648*	*36,340,765*	*60,738,413*

[5] *Surface tailings relate to long-term inventory tailings upon purchase of the Harper tailing storage facility located at Fairview in Barberton Mines. The surface tailings will be amortised once remining occurs through the BTRP.*

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16. PROPERTY, PLANT AND EQUIPMENT AND MINERAL RIGHTS continued

	Land £	Mineral rights and mining property £	Building and infrastructure £
COMPANY			
Cost			
Balance at 30 June 2013	–	–	–
Additions	–	–	–
Disposals			
Foreign currency translation reserve	–	–	–
Balance at 30 June 2014	–	–	–
Additions	–	–	–
Sale of assets and liabilities to subsidiary[1]	–	–	–
Foreign currency translation reserve	–	–	–
Balance at 30 June 2015	–	–	–
Accumulated depreciation			
Balance at 30 June 2013	–	–	–
Charge for the year	–	–	–
Disposals			
Foreign currency translation reserve	–	–	–
Balance at 30 June 2014	–	–	–
Charge for the year	–	–	–
Sale of assets and liabilities to subsidiary[1]	–	–	–
Foreign currency translation reserve	–	–	–
Balance at 30 June 2015	–	–	–
Carrying amount			
At 30 June 2014	–	–	–
At 30 June 2015	–	–	–

[1] *At the beginning of the current year the company sold its assets and liabilities at book value to Pan African Resources Management Services Company Proprietary Limited.*

	Plant and machinery £	Capital under construction £	Shafts and exploration £	Surface tailings £	Other £	Total £
	–	–	–	–	194,505	194,505
	–	–	–	–	37,748	37,748
					(1,599)	(1,599)
	–	–	–	–	(34,668)	(34,668)
	–		–	–	195,986	195,986
	–	**–**	**–**	**–**		
	–	**–**	**–**	**–**	**(195,160)**	**(195,160)**
	–	**–**	**–**	**–**	**(826)**	**(826)**
	–	**–**	**–**	**–**	**–**	**–**
	–		–	–	(109,364)	(109,364)
	–	–	–	–	(36,638)	(36,638)
					480	480
	–	–	–	–	20,486	20,486
	–		–	–	(125,036)	(125,036)
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**124,509**	**124,509**
	–	**–**	**–**	**–**	**527**	**527**
	–	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	70,950	70,950
	–	**–**	**–**	**–**	**–**	**–**

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17. OTHER INTANGIBLE ASSETS

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Software costs				
Balance at the beginning of the year	**214,330**	340,484	**23,108**	–
Reclassification of software costs from property plant and equipment and mineral rights (refer to note 16)	**141,946**	–	**–**	–
Sale of assets and liabilities to subsidiary	**–**	–	**(23,008)**	–
Additions	**25,740**	38,617	**–**	25,359
Current year amortisation	**(165,101)**	(112,704)	**–**	(704)
Foreign currency translation reserve	**(14,427)**	(52,067)	**(100)**	(1,547)
Balance at the end of the year	**202,488**	214,330	**–**	23,108

18. GOODWILL

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

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
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 7.36% (2014: 9.00%) for Barberton Mines, which reflects 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 ZAR460,000/kg (2014: ZAR440,000/kg over the life of projects. The life of mine was estimated at 20 years (2014: 19 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.

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

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATE

At 30 June 2015 the company and group held the following shares in subsidiaries and associate:

				CONSOLIDATED		SEPARATE	
Name of company	Country of incorporation	Principal activity	Proportion of capital effectively held by company	Carrying amount 30 June 2015 £	Carrying amount 30 June 2014 £	Carrying amount 30 June 2015 £	Carrying amount 30 June 2014 £
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[4]	Australia	Exploration	42%	–	1,009,429	–	1,009,429
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 (PAR Management Services)[3] (at ZAR1 investment)	South Africa	Management services and administration	100%	–	–	–	–
Listed available for sale investment[5]	Canada	Mining	3.4%	**904,710**	–	**904,710**	–
Other investments				**108**	116	–	–
				904,818	1,009,545	**122,911,964**	123,016,683

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Investment reconciliation				
Opening balance	**1,009,545**	1,199,071	**123,016,683**	123,189,860
Loss in associate	**(127,950)**	(173,177)	**(127,950)**	(173,177)
Impairment of investment in Auroch Minerals NL	**(58,424)**	–	**(58,424)**	–
Loss on disposal of associate	**(139,970)**	–	**(139,970)**	–
Proceeds from sale of investment in Auroch Minerals NL	**(277,732)**	–	**(277,732)**	–
Purchase of shares in the available for sale investment	**1,037,677**	–	**1,037,677**	–
Fair value adjustment on the available for sale investment	**(70,679)**		**(70,679)**	–
Foreign currency translation reserve	**(467,649)**	(16,349)	**(467,641)**	–
Closing balance	**904,818**	1,009,545	**122,911,964**	123,016,683

[1] *Funding Company was established for the purpose of providing funding for the group's activities. Funding Company also provides treasury functions to the group.*

[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 Limited and Evander Gold Mining Proprietary Limited, which are both incorporated in South Africa, and operate in mining.*

See footnotes 3, 4 and 5 on next page.

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19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATE continued

[3] Pan African Resources Management Services Company Proprietary Limited was acquired within the group. Ordinary shares previously held by Evander Gold Mining Proprietary Limited were transferred to Pan African Resources. This company was acquired to function as a management and other services provider and administrator to the group. At the beginning of the current year, Pan African Resources sold its assets and liabilities to PAR Management Services at book value, with the exception of the investments in subsidiaries, current taxation assets and liabilities, and trade receivables and payables directly for the account of the company as a group holding company. Refer below for assets and liabilities sold:

	ZAR	£
Summary of assets and liabilities sold		
Property, plant and equipment	1,693,944	93,659
Other non-current assets		
Deferred tax asset	6,601,879	365,023
Current assets		
Trade and other receivables	400,699	22,155
Cash	69,147	3,823
Non-current liabilities		
Long-term liabilities	(12,870,005)	(711,592)
Current liabilities		
Trade and other payables	(13,034,623)	(720,694)
Net assets sold	(17,138,959)	(947,626)

[4] Pursuant to a share sale and purchase agreement, 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 AUD2,000,000.

During the current year, Pan African Resources concluded the sale of its investment in Auroch Minerals NL and derecognised the investment from the statement of financial position by recognising in the statement of profit and loss an impairment of £58,424, a loss in associate of £127,950 and a loss on sale of investment of £139,970. Impairment arose due to continued challenges experienced within the mining environment and reducing gold prices which led to Auroch's share price dropping to AUD0.03 at the date of sale. Proceeds received during the current year and attributable to the sale of investment were as follows.

	CONSOLIDATED AND SEPARATE	
	AUD	ZAR
Proceeds received on 3 July 2014	150,000	1,513,623
Proceeds received on 21 November 2014	350,000	3,307,797
	500,000	4,821,420

	CONSOLIDATED AND SEPARATE	
	ZAR	£
Opening balance 1 July 2014	10,556,778	1,009,429
Loss in associate	(2,291,239)	(127,950)
Carrying value before impairment	8,265,539	881,479
Impairment	(1,014,239)	(58,424)
Foreign currency reserve	–	(405,353)
Carrying value before sale	7,251,300	417,702
Proceeds	(4,821,420)	(277,732)
Loss on disposal of associate	(2,429,880)	(139,970)
Balance at year-end	–	–

At year-end the investment is a 3.4% holding and therefore carried at fair value as an available for sale investment.

[5] During the year, the company purchased 1,750,850 shares in a listed entity for an amount of ZAR18.9 million. The entity is an exploration, development and gold mining company focused on Southern Africa..

During the year, the group received dividends from the investment as follows:

	CONSOLIDATED AND SEPARATE	
	ZAR	£
10 March 2015	91,840	5,102
18 March 2015	92,314	5,129
23 March 2015	4,492	250
09 April 2015	234,600	13,033
04 May 2015	113,834	6,323
21 May 2015	92,368	5,132
	629,448	34,969

20. REHABILITATION TRUST FUND

	Barberton Mines £	Evander Mines £	Total £
Funds held in trust fund (refer to note 27)			
Opening 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
Appreciation earned on the rehabilitation fund	**41,770**	**14,718**	**56,488**
Fair value adjustment	**252,537**	**1,574,716**	**1,827,253**
Foreign currency translation reserve	**(160,646)**	**(999,461)**	**(1,160,107)**
Closing balance as at 30 June 2015	**2,240,527**	**13,941,398**	**16,181,925**

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 deposits, medium-term equity-linked notes issued by commercial banks, equity share portfolios managed by asset managers.

The Evander Mines rehabilitation trust fund was transferred from Harmony Gold Mining Company Limited (Harmony).

Refer to note 27 for the associated rehabilitation provision disclosure.

21. INVENTORIES

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Consumable stores	**3,102,272**	2,590,889	**–**	–
Mineral stocks	**483,044**	2,066,648	**–**	–
Gold inventory	**–**	801,828	**–**	–
Provision for obsolete stock	**(82,747)**	(118,237)	**–**	–
	3,502,569	5,341,128	**–**	–
Inventory recognised as cost of production	**14,411,434**	15,890,702	**–**	–

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22. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Trade receivables	**5,731,102**	8,216,871	**–**	–
Provision for doubtful debtors	**(30,504)**	(35,578)	**–**	–
Other receivables and prepayments	**1,519,648**	1,100,114	**21,557**	60,426
VAT receivable	**2,338,764**	2,414,973	**19,974**	–
	9,559,010	11,696,380	**41,531**	60,426

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 debtors 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. Financial institutions are the 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.

	CONSOLIDATED	
	30 June 2015	30 June 2014
The average credit period is:		
Number of days	**18.0**	22.0
Trade receivables	**5,731,102**	8,216,871
Revenue	**141,076,883**	154,551,058

The ageing of trade receivables decreased due to continued improved cash collection initiatives, especially from Evander Mines. Although Phoenix Platinum holds a lower trade debtors book in relation to Barberton Mines and Evander Mines, the decrease in the debtors days is also attributable to Phoenix Platinum decrease in trade debtors at year-end to £1.5 million (2014: £2.3 million). This is due to a prior year five months PGM production build-up from Phoenix Platinum which was delivered to Western Platinum Limited (subsidiary of Lonmin PLC) at the end of the 2014 financial year; however payment for these deliveries was only 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.

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Cash and cash equivalents	**3,328,850**	5,618,323	**888,498**	1,803,545
Included in cash and cash equivalent is restricted cash for an amount of ZAR15.0 million. This amount has been remitted to the company's attorneys (Werkmans Attorneys) as a deposit for the acquisition deal of the Uitkomst Colliery from Shanduka Resources and Oakleaf for a reported amount of ZAR200 million. At year-end the deal was not yet finalised for consolidating into the group.				
Credit facilities				
The group has the following credit facilities:				
Nedbank Limited revolving credit facility[1]	**13,816,926**	16,657,413	**–**	–
Rand Merchant Bank revolving credit facility[1]	**13,816,926**	6,940,589		
ABSA Bank Limited revolving credit facility[1]	**13,816,926**	9,716,824	**–**	–
ABSA Bank Limited overdraft facility[1]	**2,590,674**	999,445	**–**	
Rand Merchant Bank overdraft facility[1]	**2,590,674**	–	**–**	
ABSA Bank Limited credit card facilities	**77,720**	83,287	**51,813**	55,525
Guarantee[2]	**2,794,398**	2,142,250	**–**	–
USD trading facility[3]	**4,922,279**	5,274,847	**–**	–
	54,426,523	41,814,655	**51,813**	55,525

[1] The group has secured a five year revolving credit facility with Nedbank Limited, ABSA Bank Limited and Rand Merchant Bank (refer to note 28). The facility carries an interest rate of the monthly JIBAR rate plus 2.5% 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, and at year-end, there was an outstanding amount of £12.7 million (2014: nil) payable in relation to the facility and an unutilised amount of £29.0 million (2014: £33.3 million). The ABSA Limited and Rand Merchant Bank overdraft facilities remain unsecured and unutilised at year-end. The overdraft facilities attract interest that is linked to prime in South Africa.

[2] The guarantees relate to £1,274,254 (2014: £1,365,525) for Eskom (electricity utility), £724,809 (2014: £776,725) for the Department of Minerals and Resources (DMR) and other financial guarantees £795,336.

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

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24. SHARE CAPITAL

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Authorised				
2,000,000,000 (2014: 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 1,831,494,763 (2014: 1,829,994,763) ordinary shares of £0.01 each	**18,314,947**	18,299,947	**18,314,947**	18,299,947

The following cash issue of shares were made during the year:

On 19 March 2015 1,500,000 shares were issued at 5 pence per share to Mr KC Spencer's family trust (Strode Trust) upon exercising historical share options.

During the prior financial year 7,160,500 shares were issued in relation to share options exercised:

- 9 September 2013: 3,000,000 shares issued at 5 pence per share
- 16 October 2013: 2,063,000 shares were issued as follows:
  - 1,213,000 shares issued at 5 pence per share
  - 850,000 shares issued at 4 pence per share
- 10 February 2014: 282,500 shares were issued at 4 pence per share
- 20 February 2014: 965,000 shares were issued at 4 pence per share
- 5 June 2014: 850,000 shares were issued at 4 pence per share.

Current number of equity-settled share options outstanding at 30 June 2015 is 1,122,000 (2014: 2,622,000), excluding the new issue of equity options disclosed in note 34.

25. TRADE AND OTHER PAYABLES

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Trade and other payables	**8,945,258**	9,962,167	**–**	–
Accruals and other payables	**7,514,861**	7,231,053	**213,861**	777,079
VAT payable	**338,924**	26,529	**–**	26,528
Other payables	**–**	–	**–**	–
Total trade and other payables	**16,799,043**	17,219,749	**213,861**	803,607

	CONSOLIDATED	
	30 June 2015	30 June 2014
The average credit period is:		
Number of days	**31**	37

Creditors days have decreased marginally in line with debtors days indicating improved collection from debtors to settle short-term obligations.

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

26. CURRENT TAX

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Current tax asset	**827,298**	854,568	**141,574**	147,911
Current tax liability	**503,784**	2,037,092	**–**	–

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

27. LONG-TERM PROVISIONS

	CONSOLIDATED		SEPARATE	
	Decommissioning and rehabilitation £	Total £	Decommissioning and rehabilitation £	Total £
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**	–	–
Provided during the year	**1,094,191**	**1,094,191**	**–**	**–**
Foreign currency translation reserve	**(877,991)**	**(877,991)**	**–**	**–**
Balance at 30 June 2015	**12,249,367**	**12,249,367**	**–**	**–**

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 2015		30 June 2014	
	Life of mine Years	Risk free rate %	Life of mine Years	Risk free rate %
Barberton Mines	**20**	**8.74**	19	8.31
BTRP	**15**	**8.67**	15	8.31
Evander Mines	**16**	**8.67**	17	8.31
ETRP[1]	**16**	**8.67**	–	–
Phoenix	**28**	**8.61**	28	8.31

[1] *ETRP was not commissioned for accounting purposes in the prior year.*

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28. LONG-TERM LIABILITIES

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Cash-settled share options				
Opening balance	**1,579,923**	879,254	**714,603**	390,681
Sale of assets and liabilities to PAR Management Services	**–**	–	**(711,592)**	–
Expense for the year	**294,627**	1,607,709	**–**	648,426
Payments during the year	**(428,512)**	(701,871)	**–**	(233,386)
Transfer to current portion	**–**	–	**–**	–
Foreign currency translation reserve	**(132,317)**	(205,169)	**(3,011)**	(91,118)
Closing balance	**1,313,721**	1,579,923	**–**	714,603
Current portion	**(933,152)**	(1,136,372)	**–**	(560,882)
Long-term portion	**380,569**	443,551	**–**	153,721
Post-retirement benefits				
Opening balance	**90,832**	108,781	**–**	–
Utilised for the year	**(6,677)**	184	**–**	–
Foreign currency translation reserve	**(5,620)**	(18,133)	**–**	–
Closing balance	**78,535**	90,832	**–**	–
Revolving credit facility				
Opening balance	**–**	10,144,925	**–**	–
Drawdowns	**27,898,927**	11,719,076	**–**	–
Finance costs incurred[1]	**1,271,063**	713,395	**–**	–
Repayments of capital	**(14,299,642)**	(21,729,582)	**–**	–
Repayments of finance costs	**(1,337,774)**	(724,899)	**–**	–
Transfer to current portion	**–**	–	**–**	–
Foreign currency translation reserve	**(800,069)**	(122,915)	**–**	–
Closing balance	**12,732,505**	–	**–**	–
Current portion	**(1,118,559)**			
Long-term portion	**11,613,946**	–	**–**	–

[1] *Finance costs incurred exclude £7,907 (2014: nil), relating to a new general banking facility, which is separately disclosable from the RCF.*

28. LONG-TERM LIABILITIES continued

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Gold loan				
Opening balance	**11,225,365**	–	–	–
Gold loan receipts	–	11,236,649	–	–
Gold loan repayments	**(3,396,717)**	–	–	–
Fair value adjustment	**(120,490)**	128,484	–	–
Transfer to current portion	–	–	–	–
Foreign currency translation reserve	**(472,459)**	(139,768)	–	–
Closing balance	**7,235,699**	11,225,365	–	–
Current portion	**(2,995,767)**	(3,618,431)	–	
Long-term portion	**4,239,932**	7,606,934	–	–
Total	**16,312,982**	8,141,317	–	153,721

The gold loan has been designated as an instrument to be measured at amortised cost.

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Current and non-current portions of long-term liabilities				
Current portion	**5,047,478**	4,754,803	–	560,882
Non-current portion – capital to be paid on maturity	**16,312,982**	8,141,317	–	153,721
	21,360,460	12,896,120	–	714,603

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28. LONG-TERM LIABILITIES continued

Terms of the revolving credit facility

During the year under review the terms of the revolving credit facility were revised to the following:

	Revised terms	Original terms
Facility amount	ZAR800,000,000	ZAR600,000,000
Accordian option	ZAR300,000,000 exercisable with two years at the inception of the revolving credit facility	
Lenders	Rand Merchant Bank (a division of FirstRand Bank Limited), ABSA Limited, Nedbank Limited	Rand Merchant Bank (a division of FirstRand Bank Limited), ABSA Limited, Nedbank Limited
Borrower	Pan African Resources Funding Company Proprietary Limited	Pan African Resources Funding Company Proprietary Limited
Interest rate	JIBAR (quoted at 5.958% at year-end), at a monthly payment selection period	JIBAR (quoted at 5.73% at year-end – 30 June 2014) at a monthly payment selection period
Interest rate margin	2.5%	2.8%
Commitment fee	35% of the margin per annum, calculated on a day-to-day basis on the undrawn portion of the maximum available commitment	35% of the margin per annum, calculated on a day-to-day basis on the undrawn portion of the maximum available commitment
Term of loan	Five years from (17 June 2015)	Five years from (7 March 2013)
Repayment period	Full repayment of the outstanding at the end of five years	Full repayment of the outstanding at the end of five years.
Final repayment date	17 June 2020	17 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 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 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)	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 Proprietary Limited

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

Special notarial bond BN6785/2013 – Barberton Mines/Bowwood and Main No. 40 Proprietary Limited

Special notarial bond BN6912/2013 – Evander Mines/Bowwood and Main No. 40 Proprietary Limited

General notarial bond BN7075/2013 – Barberton Mines/Bowwood and Main No. 40 Proprietary Limited

General notarial bond BN6592/2013 – Evander Mines/Bowwood and Main No. 40 Proprietary Limited

Ceded rights as security for the revolving credit facility

Bank accounts
Debts[1]
Insurance[2]
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.

[1] *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.*
[2] *All contracts and policies of insurance and reinsurance of any kind which are effected and maintained by or on behalf of the cedent.*

28. LONG-TERM LIABILITIES continued

Terms of the gold loan

During the prior financial year, in May 2014, a gold loan transaction of ZAR200 million was entered into with ABSA Bank Limited as a counterparty. The purpose of this gold loan was to provide funds for the ETRP constructed at Evander Mines. The gold loan is repaid quarterly in gold ounces produced from the Evander Mines operation, with the repayments commencing on July 2014 to end on October 2017. Refer to terms below.

Effective delivery price per ounce	ZAR12,694
Effective delivery price per kg	ZAR408,129
Repayment period	3.5 years
Final repayment date	31 October 2017
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)
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 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
		11,001,01

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 confer 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 programme is subject to the agreement of a selected participant and acceptance by said participant of the rules and regulations governing the share appreciation programme.

The share appreciation settlement 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 company's remuneration committee (remco), to surrender his/her notional shares and receive the share appreciation settlement at a date prior to the sixth anniversary date.

The share appreciation settlement 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.

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28. LONG-TERM LIABILITIES continued

Group cash-settled share options continued

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

Initial issue

- 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.

Top up issues

- One year has elapsed, in which event not more than 25% of the total number of notional shares allocated can be surrendered
- Two years has elapsed, in which event not more than 50% of the total number of notional shares allocated can be surrendered
- Three years has elapsed, in which event not more than 75% 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
- 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 participant's estate is entitled, within a period of six months after the termination date, to surrender all his/her surrenderable notional shares and request the payment of the share appreciation settlement in respect thereof.

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

Group cash-settled share options

	30 June 2015		30 June 2014	
	Weighted average exercise price ZAR	Number of options	Weighted average exercise price ZAR	Number of options
Outstanding at 1 July	**1.92**	**53,275,980**	1.15	52,355,077
Granted during the year	**1.18**	**18,715,657**	2.24	12,742,142
Exercised during the year	**2.20**	**(10,456,992)**	1.15	(8,195,411)
Forfeited in the year	**2.37**	**(3,095,555)**	2.11	(3,625,828)
Outstanding and exercisable at 30 June	**1.61**	**58,439,090**	1.92	53,275,980

Cash-settled share options are valued annually at fair value.

28. LONG-TERM LIABILITIES continued

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

	30 June 2015	30 June 2014
Weighted average share price	**R2.04**	R2.58
Weighted average exercise/strike price	**R2.15**	R2.16
Expected volatility	**30.00%**	30.00%
Expected life	**3 – 6 years**	3 – 6 years
Risk free rate	**6.94 – 7.89%**	7.13 – 7.79%
Expected dividend yield	**4.00%**	4.00%

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

The group recognised total income of £340,996 (expense in 2014: £1,738,093) relating to cash-settled share-based payment transactions during the year, as a result of the share price decreasing. During the year, the group entered into an employee share ownership scheme transaction at Barberton Mines level. Refer to note 39.

CEO long-term incentive

To incentivise the CEO and align the interests of the CEO with that of the group, and to ensure retention during the three year contract term, the following long-term incentive was put in place on 28 February 2015. The CEO no longer participates in the group share appreciation scheme:

- Cash or equity-settled payment at the end of the three year contract term of 4,000,000 Pan African Resources shares, issued for no consideration, vesting only at the end of the CEO's contract term
- Cash or equity-settled payment of a maximum number of a further 4,000,000 Pan African Resources shares, issued for no consideration, vesting only at the end of the CEO's contract term. These shares will only be issued upon meeting certain pre-defined remco criteria, which are determined annually
- The CEO will therefore be eligible for a minimum number of 4,000,000 Pan African Resources shares and maximum number of 8,000,000 Pan African Resources shares at the end of his contract term.

At year-end this incentive scheme was treated as a cash-settled share option scheme and a liability of £71,977 was recognised in the statement of financial position.

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28. LONG-TERM LIABILITIES continued

Vesting schedule 2015

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	10 May 2013	0,91	3,572,511	3,572,511
Tranche 2	11 May 2011	3	1,096	10 May 2014	0,91	3,572,511	3,572,511
Tranche 3	11 May 2011	4	1,461	10 May 2015	0,91	7,145,023	7,145,023
Tranche 1	1 March 2013	2	731	1 March 2015	0,39	859,828	859,828
Tranche 2	1 March 2013	3	1,096	29 February 2016	0,39	859,828	859,828
Tranche 3	1 March 2013	4	1,461	28 February 2017	0,39	1,719,653	1,719,653
Tranche 1	1 April 2013	2	731	1 April 2015	0,46	850,121	850,121
Tranche 2	1 April 2013	3	1,096	31 March 2016	0,46	850,121	850,121
Tranche 3	1 April 2013	4	1,461	31 March 2017	0,46	1,700,241	1,700,241
Tranche 1	1 May 2013	2	731	1 May 2015	0,54	871,859	871,859
Tranche 2	1 May 2013	3	1,096	30 April 2016	0,54	871,859	871,859
Tranche 3	1 May 2013	4	1,461	30 April 2017	0,54	1,743,713	1,743,713
Tranche 1	1 June 2013	2	731	1 June 2015	0,46	563,864	563,864
Tranche 2	1 June 2013	3	1,096	31 May 2016	0,46	563,864	563,864
Tranche 3	1 June 2013	4	1,461	31 May 2017	0,46	1,127,727	1,127,727
Tranche 1	1 July 2013	2	731	1 July 2015	0,46	245,455	245,455
Tranche 2	1 July 2013	3	1,096	30 June 2016	0,46	245,455	245,455
Tranche 3	1 July 2013	4	1,461	30 June 2017	0,46	490,909	490,909
Tranche 1	1 August 2013	2	731	1 August 2015	0,52	1,500,000	1,500,000
Tranche 2	1 August 2013	3	1,096	31 July 2016	0,52	1,500,000	1,500,000
Tranche 3	1 August 2013	4	1,461	31 July 2017	0,52	3,000,000	3,000,000
Tranche 1	27 September 2013	2	731	27 September 2015	0,45	221,515	221,515
Tranche 2	27 September 2013	3	1,096	26 September 2016	0,45	221,515	221,515
Tranche 3	27 September 2013	4	1,461	26 September 2017	0,45	443,030	443,030
Tranche 1	13 November 2013	2	731	13 November 2015	0,39	126,845	126,845
Tranche 2	13 November 2013	3	1,096	12 November 2016	0,39	126,845	126,845
Tranche 3	13 November 2013	4	1,461	12 November 2017	0,39	253,691	253,691
Tranche 1	1 April 2014	2	731	31 March 2016	0,51	727,612	727,612
Tranche 2	1 April 2014	3	1,096	31 March 2017	0,51	727,612	727,612
Tranche 3	1 April 2014	4	1,461	31 March 2018	0,51	1,455,224	1,455,224
Tranche 1	27 May 2014	2	731	26 May 2016	0,39	391,250	391,250
Tranche 2	27 May 2014	3	1,096	26 May 2017	0,39	391,250	391,250
Tranche 3	27 May 2014	4	1,461	26 May 2018	0,39	782,500	782,500
Tranche 1	1 July 2014	2	731	30 June 2016	0,57	1,525,170	1,525,170
Tranche 2	1 July 2014	3	1,096	30 June 2017	0,57	1,525,170	1,525,170
Tranche 3	1 July 2014	4	1,461	30 June 2018	0,57	3,050,339	3,050,339
Tranche 1	1 March 2015	1	366	29 February 2016	0,59	1,538,173	1,538,173
Tranche 2	1 March 2015	2	731	28 February 2017	0,59	1,538,173	1,538,173
Tranche 3	1 March 2015	3	1,096	28 February 2018	0,59	1,538,634	1,538,634
Tranche 1	28 February 2015	3	1,096	28 February 2018	–	8,000,000	8,000,000
						58,439,090	58,439,090

28. LONG-TERM LIABILITIES continued

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

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29. DEFERRED TAXATION

	Note	CONSOLIDATED 30 June 2015 £	CONSOLIDATED 30 June 2014 £	SEPARATE 30 June 2015 £	SEPARATE 30 June 2014 £
Arising from temporary differences relating to:					
Property, plant and equipment		**46,253,745**	45,125,596	–	–
Provisions		**(4,407,102)**	(4,272,995)	–	–
Investment in rehabilitation trust		**3,283,461**	2,609,133	–	–
Other		**(5,842,045)**	(108,157)	–	–
Net deferred tax liabilities		**39,288,059**	43,353,577	–	–
Reconciliation of deferred tax liabilities:					
Net deferred liabilities at the beginning of the year		**43,353,577**	54,049,440	–	–
Deferred tax charge for the year	13	**(1,252,133)**	(1,765,459)	–	–
Foreign currency translation reserve		**(2,813,385)**	(8,930,404)	–	–
Net deferred liabilities at the end of the year		**39,288,059**	43,353,577	–	–
Arising from temporary differences relating to:					
Provisions		**328,127**	174,199	–	174,199
Other		**(379)**	192,368	–	192,368
		327,748	366,567	–	366,567
Reconciliation of deferred tax assets:					
Net deferred assets at the beginning of the year		**366,567**	312,798	**366,567**	267,281
Sale of assets and liabilities to subsidiary		–	–	**(365,023)**	–
Deferred tax credit for the year	13	**(15,353)**	153,436	–	153,436
Foreign currency translation reserve		**(23,466)**	(99,667)	**(1,544)**	(54,150)
Net deferred assets at the end of the year		**327,748**	366,567	–	366,567

	CONSOLIDATED 30 June 2015 £	CONSOLIDATED 30 June 2014 £
Unredeemed capex		
Phoenix Platinum	**4,967,775**	6,889,777
Evander Mines	**16,684,726**	7,725,719
	21,652,501	14,615,496
At year-end the group has the following assessed losses carried forward		
Evander Mines	**4,565,108**	–
Total	**4,565,108**	–

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.

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Components of capital and financial covenants:				
Cash and cash equivalents	**(3,328,850)**	(5,618,323)	**888,498**	(1,803,545)
Interest bearing debt/gold loan	**19,968,204**	11,225,365	**–**	–
Net interest bearing liabilities/(assets)	**16,639,354**	5,607,042	**888,498**	(1,803,545)
Equity	**147,167,487**	159,396,109	**147,925,939**	111,102,442
Net debt to equity ratio (ratio)[1]	**0,11**	0,04	**0,01**	0,02
Finance costs of the revolving credit facilities	**1,271,063**	713,395	**–**	–
Earnings before interest and taxation	**17,912,084**	34,130,214	**53,554,603**	(738,676)
Interest cover ratio	**14**	48	**–**	–
Adjusted EBITDA is represented by earnings before interest, taxation, depreciation and amortisation, loss on disposal of associate, impairments and loss on disposal of assets held for sale.	**28,447,689**	44,165,423	**53,752,997**	(738,676)
Net debt to adjusted EBITDA	**0,58**	0,13	**0,02**	2,44
Financial covenant limits:				
The ratio of the net debt to equity must be less than 1:1 (measured semi-annually).				
The interest cover ratio must be greater than four times (measured semi-annually).				
The ratio of net debt to adjusted EBITDA must be less than 2.5:1 (measured semi-annually).				
Categories of financial instruments:				
Financial assets[2]:				
Cash and cash equivalents	**3,328,850**	5,618,323	**888,498**	1,803,545
Investment in associate	**–**	1,009,545	**–**	1,009,429
Listed available for sale investment	**904,710**	–	**904,710**	–
Rehabilitation trust fund	**16,181,925**	13,351,425	**–**	–
Receivables	**5,731,102**	8,181,293	**–**	–
Financial liabilities:				
Trade and other payables	**16,460,119**	17,193,220	**213,861**	777,079
Long-term liabilities	**21,360,460**	8,141,317	**–**	153,721
Current portion of long-term liabilities	**5,047,478**	4,754,803	**–**	560,882

[1] Net debt is calculated on cash and cash equivalents less interest bearing debt.

[2] 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.

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30. FINANCIAL INSTRUMENTS continued

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 £30,504 (2014: £35,578) 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. Financial institutions are a 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.

	CONSOLIDATED	
	30 June 2015 £	30 June 2014 £
Customers above 5%		
Financial institutions	**4,233,646**	5,726,230
Western Platinum Limited (subsidiary of Lonmin PLC)	**1,497,456**	2,285,276
	5,731,102	8,011,506

Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and investments. 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. Investment risk is managed by reviewing the portfolio's constitution, risk profile and returns on an annual basis.

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 ensures 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 its 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.

30. FINANCIAL INSTRUMENTS continued

Currency and commodity price risk

	30 June 2015		30 June 2014	
	Closing rate	Average rate	Closing rate	Average rate
Currency and gold spot price				
GBP/ZAR exchange rate	**19.30**	**18.00**	18.01	16.88
USD/ZAR exchange rate	**12.28**	**11.45**	10.58	10.35

	CONSOLIDATED	
	30 June 2015	30 June 2014
USD gold spot price (USD/oz) received	**1.212**	1,303

	Impact of 10% currency or gold price movement on profit £
Foreign currency/gold price sensitivity	
2015	**9,936,378**
2014	11,701,311

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:

	£[1]	Impact of 10% currency movement on translation reserve
2015		
Assets	**17,217,727**	**15,652,479**
Liabilities	**22,350,305**	**20,318,459**
2014		
Assets	23,510,399	21,373,090
Liabilities	24,011,644	21,828,767

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

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30. FINANCIAL INSTRUMENTS continued

Commodity zero cost collar

The group entered into three zero cost collar gold transactions during the year, similar to transactions that were undertaken in the prior year. During the current financial year, the group realised a profit of £2,486,608 upon agreeing to realise the three contracts.

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Financial instruments (derivatives)				
Opening balance	–	–	–	–
Financial instruments during the year	**2,486,608**	2,310,426	–	2,310,426
Fair valuing of financial instruments	–	–	–	–
Financial instruments realised during the year[1]	**(2,486,608)**	(2,310,426)	–	(2,310,426)
Closing balance	–	–	–	–

[1] *The zero cost collar transactions were traded on behalf of the mining operations in the current financial year.*

	CONSOLIDATED	
	30 June 2015	30 June 2014
Cost collar derivative profits		
Cash profits realised on the statement of profit or loss and other comprehensive income	**2,486,608**	2,310,426

30. FINANCIAL INSTRUMENTS continued

Commodity zero cost collar continued

Terms of the zero cost collar gold transaction:

	30 June 2015			30 June 2014	
	Contract one	Contract two	Contract three	Contract one	Contract two
Call option terms:					
Trade date	30 September 2014	30 September 2014	1 July 2014	20 August 2013	24 January 2014
Commodity	Gold	Gold	Gold	Gold	Gold
Total notional quantity	22,500 ounces (700 kilograms)	40,000 ounces (1,244 kilograms)	70,000 ounces (2,177 kilograms)	78,000 ounces (2,426 kilograms)	60,000 ounces (1,866 kilograms)
Option style	Asian	Asian	Asian	Asian	Asian
Option type	Call	Call	Call	Call	Call
Commodity option buyer	ABSA Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	ABSA Bank Limited	ABSA Bank Limited
Option term	From and including 1 October 2015, to and including 30 September 2016 (1 year)	From and including 1 October 2014, to and including 30 September 2015 (1 year)	From and including 1 July 2014, to and including 30 June 2016 (2 years)	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).
Strike price per unit	ZAR435,000 per kilogram	ZAR484,000 per kilogram	ZAR529,008 per kilogram	ZAR502,815 per kilogram	ZAR 519,237 per kilogram
Put option terms:					
Trade date	30 September 2014	30 September 2014	1 July 2014	20 August 2013	24 January 2014
Commodity	Gold	Gold	Gold	Gold	Gold
Total notional quantity	45,000 ounces (1,400 kilograms)	40,000 ounces (1,244 kilograms)	70,000 ounces (2,177 kilograms)	78,000 ounces (2,426 kilograms)	60,000 ounces (1,866 kilograms)
Option style	Asian	Asian	Asian	Asian	Asian
Option type	Put	Put	Put	Put	Put
Commodity option buyer	ABSA Bank Limited	FirstRand Bank Limited	FirstRand Bank Limited	ABSA Bank Limited	ABSA Bank Limited
Option term	30 September 2016 (1 year)	30 September 2015 (1 year)	30 June 2016 (2 years)	31 August 2015 (2 years)	31 January 2016 (2 years)
Strike price per unit	ZAR435,000 per kilogram	ZAR425,000 per kilogram	ZAR440,015 per kilogram	ZAR425,012 per kilogram	ZAR430,012 per kilogram
Realised profits[1]	922,719	966,667	597,222	1,777,251	533,175

[1] *Redeemed during the year and no cost collar transaction was 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.

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30. FINANCIAL INSTRUMENTS continued

Interest rate sensitivity

The group has at year-end drawn down from its revolving credit facility, which is quoted on JIBAR rates (refer to note 28). Refer below for revolving credit facility loan sensitivity on interest rates variations.

Interest variation impact on the revolving credit facility loan

	10% decrease in interest rates	5% decrease in interest rates	Revolving credit facility	5% increase in interest rates	10% increase in interest rates
ZAR	245,663,614	245,700,482	245,737,349	245,774,216	245,811,084
GBP	12,728,685	12,730,595	12,732,505	12,734,415	12,736,326

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short-term funding and liquidity management requirements. 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 the Funding Company, of which £12,694,301 relating to the revolving credit facility was drawn down as at 30 June 2015 (30 June 2014: nil). A gold loan of £7,235,699 (30 June 2014: £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 £
CONSOLIDATED				
2015				
Trade and other payables	**–**	**16,460,119**	**–**	**16,460,119**
Long-term liabilities (non-interest bearing)	**–**	**3,928,919**	**4,699,036**	**8,627,955**
Long-term liabilities (interest bearing)	**8,46%**	**1,118,559**	**11,613,946**	**12,732,505**
Other short-term liabilities	**–**	**–**	**–**	**–**
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	–	–	–	–
SEPARATE				
2015				
Trade and other payables	**–**	**213,861**	**–**	**213,861**
Long-term liabilities	**–**	**–**		**–**
Other short-term liabilities	**–**	**–**	**–**	**–**
2014				
Trade and other payables	–	777,079	–	777,079
Long-term liabilities	–	560,882	153,721	714,603
Other short-term liabilities	–	–	–	–

30. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments

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

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)

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

	Level 1	Level 2	Level 3	Total
30 June 2015				
Financial assets[1]	**904,710**	**–**	**–**	**904,710**
Rehabilitation trust fund	**16,181,925**	**–**	**–**	**16,181,925**
30 June 2014				
Rehabilitation trust fund	13,351,425	–	–	13,351,425
Derivative financial liabilities	–	11,225,365,00	–	11,225,365

[1] The fair value of the available for sale investment is treated as level 1 of the fair value hierarchy, as its market share price is quoted on a stock exchange.

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 profit or loss and other comprehensive income of £5,503,560 (2014: £4,747,602) at group level and nil (2014: £112,853) at company level 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 was £78,535 (2014: £90,832).

32. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Commitments

The group had outstanding open orders contracted for at year-end of £1,182,823 (2014: £4,986,259).

Authorised commitments for the new financial year not yet contracted for totalled £14,046,896 (2014: £19,061,631).

The group has committed £10,362,694 in the financial year to Oakleaf and Shanduka, upon completion of the conditions precedent in the purchase agreement, relating to the Uitkomst Colliery acquisition.

Contingent liabilities

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

Guarantees

The group had guarantees of £1,274,254 (2014: £1,365,525) in favour of Eskom, £724,809 (2014: £776,725) in favour of the Department of Mineral Resources and other financial guarantees of £795,336 at year-end.

Company

There were no commitments, contingent liabilities and guarantees for the company for the year ended 30 June 2015 (2014: £nil), except for the operating lease commitments disclosed in note 7.

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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:

	CONSOLIDATED		SEPARATE	
	Year ended 30 June 2015 £	Year ended 30 June 2014 £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Executive directors				
Emoluments	747,100	615,085	–	615,085
Share options exercised	295,662	–	–	–
Total	1,042,762	615,085	–	615,085
Non-executive directors				
Emoluments	139,508	146,004	139,508	146,004
Share options exercised	110,845	–	110,845	–
Total	250,353	146,004	250,353	146,004
Total remuneration	1,293,115	761,089	250,353	761,089

	Share option taxable benefit £	Basic remune-ration £	Retire-ment fund £	Life and disability plan £	Allow-ances £	Other remune-ration £	Bonuses £	Total 30 June 2015 £	Total 30 June 2014 £
Individual									
Executive									
Mr RA Holding[2]	167,356	160,627	26,168	3,268	9,851	54,826	146,836	568,932	300,021
Mr JAJ Loots[3]	128,306	136,427	18,167	2,777	12,484	–	123,800	421,961	100,096
Mr GP Louw[4]	–	50,926	–	–	943	–	–	51,869	–
Miss YB Sitole	–	–	–	–	–	–	–	–	214,968
Total	295,662	347,980	44,335	6,045	23,278	54,826	270,636	1,042,762	615,085
Non-executive									
Mr RG Still[6]	–	–	–	–	–	–	–	–	26,931
Mrs P Mahanyele[1]	–	–	–	–	27,788	–	–	27,788	28,983
Mr KC Spencer	110,845	–	–	–	41,709	–	–	152,554	44,885
Mrs HH Hickey	–	–	–	–	27,676	–	–	27,676	24,979
Mr T Mosololi	–	–	–	–	24,607	–	–	24,607	10,758
Mr RM Smith[5]	–	–	–	–	17,728	–	–	17,728	–
Mr JAJ Loots[1]	–	–	–	–	–	–	–	–	9,468
Total	110,845	–	–	–	139,508	–	–	250,353	146,004

[1] *Directors' fees accruing to these directors are paid by the company to Shanduka Group Proprietary Limited.*
[2] *Mr RA Holding resigned as chief executive officer with effect from 1 March 2015.*
[3] *Mr JAJ Loots was appointed chief executive officer with effect from 1 March 2015.*
[4] *Mr GP Louw was appointed as financial director with effect from 1 March 2015.*
[5] *Mr RM Smith was appointed as a non-executive director from 8 September 2014.*
[6] *Mr RG Still resigned as a non-executive director with effect from 1 July 2014.*

33. DIRECTORS' EMOLUMENTS continued

	Share option taxable benefit £	Basic remune-ration £	Retire-ment fund £	Life and disability plan £	Allow-ances £	Other remune-ration £	Bonuses £	Total 30 June 2015 £	Total 30 June 2014 £
Prescribed officers									
Mr A van den Bergh	–	127,885	11,157	–	1,685	–	49,089	189,816	479,817
Mr A Karigani	–	123,937	20,285	2,533	5,815	4,515	13,095	170,180	–
Mr C Strydom	–	110,025	11,524	–	4,113	–	28,563	154,225	514,765
Mr M da Silva (resigned on 23 April 2015)	–	89,407	11,176	–	–	–	29,395	129,978	146,720
Mr BFM Malunga	–	12,412	1,551		1,083	–	–	15,046	–
Mr B Mcleod	–	71,003	11,569	1,445,000	2,044	3,554,00	12,554	102,169	85,232

The following changes took place during the period under review:

Appointments

- Mr RM Smith was appointed as an independent non-executive director effective from 8 September 2014
- Mr JAJ Loots was appointed the chief executive officer effective 1 March 2015
- Mr GP Louw was appointed financial director effective 1 March 2015.

Resignations

- Mr RG Still resigned as a non-executive director effective 1 July 2014
- Ms P Mahanyele resigned as a non-executive director effective 30 June 2015
- Mr RA Holding resigned as chief executive officer effective 1 March 2015. To ensure that Mr RA Holding's experience and knowledge is retained by the group, an exclusive consulting agreement was concluded with him, effective 1 March 2015. This arrangement will be for a minimum period of one year.

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:

	Mr KC Spencer (Chairman) £	Ms P Mahanyele (Deputy chairperson) £	Mr RG Still £	Mrs HH Hickey £	Mr T Mosololi £	Mr RM Smith £
30 June 2015						
Board of directors	35,506	21,999	–	17,754	17,754	13,692
Remuneration committee (deputy chairperson as chairperson)	–	5,789	–	–	3,859	3,859
Audit committee (Member 2 as chairperson)	–	–	–	5,789	3,859	–
SHEQC committee	5,789	–	–	3,859	–	–
Nominations committee	–	–	–	–	–	–
	41,295	27,788		27,402	25,472	17,551

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33. DIRECTORS EMOLUMENTS continued

	Mr KC Spencer (Chairman) £	Ms P Mahanyele (Deputy chairperson) £	Mr RG Still £	Mrs HH Hickey £	Mr T Mosololi £	Mr JAJ Loots £
30 June 2014						
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	1,951	1,932
SHEQC committee	5,855	–	–	3,903	–	–
Nominations committee	5,855	3,864	3,903	–	–	–
	44,885	28,983	26,931	24,980	10,757	9,468

	Total options outstanding 1 July 2014	Grant date	Strike price pence	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price pence	Trans-ferred out	Total options 30 June 2015
Mr KC Spencer	1,500,000	21 Jul 2008	5,2	(1,500,000)	19 Mar 2015	4,6	–	–
Mr RA Holding	1,500,000	1 Sept 2013	–	(1,500,000)	28 Feb 2015	–	–	–
Mr JAJ Loots	1,150,000	1 Sept 2013	–	(1,150,000)	28 Feb 2015	–	–	–
	4,150,000			(4,150,000)				–

	Total options outstanding 1 July 2013	Grant date	Strike price pence	Options granted/ (exercised) during the period	Grant/ (exercise) date	Grant/ (exercise) price pence	Trans-ferred out	Total options 30 June 2014
Mr KC Spencer	1,500,000	21 Jul 2008	5,2	–		–	–	1,500,000
Mr RA Holding	–		–	1,500,000	1 Sept 2013	–	–	1,500,000
Mr JAJ Loots	–		–	1,150,000	1 Sept 2013	–	–	1,150,000
Total	1,500,000			2,650,000			–	4,150,000

33. DIRECTORS EMOLUMENTS continued

Directors' dealings in shares

Financial year 30 June 2015

On 19 March 2015 1,500,000 shares were issued at 5 pence per share to Mr KC Spencer's Strode Trust, upon exercising historical share options.

At 30 June 2015 the Strode Trust held a total of 3,000,000 shares (2014: 1,500,000).

During the year under review Mr T Mosololi participated in the following transactions in the company's shares:

- On 6 March 2015, purchased 2,000 shares at ZAR2.04 per share
- On 9 March 2015, purchased 28,000 shares at ZAR2.07 per share.

At 30 June 2015 Mr T Mosololi held a total of 30,000 shares (2014: nil).

Financial year 30 June 2014

Mr JAJ Loots had purchased 50,000 shares at ZAR2.23 per share on 17 September 2013. At 30 June 2014 Mr JAJ Loots held a total of 231,575 shares (2013: 181,575).

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.

The Alexandra Trust had the following dealings in shares:

- On 1 October 2013, sold 360,916 shares at ZAR2,70 per share
- On 2 to 6 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).

Cash-settled options

Listed per grant/exercise	Total options outstanding 1 July 2014	Grant date	Strike price pence	Options granted/(exercised) during the period	Grant/(exercise) date	Grant/(exercise) price pence	Trans-ferred out	Total options 30 June 2015
Mr RA Holding[2]	5,127,134	9 May 2011	0,11	–		–	–	5,127,134
Mr RA Holding[2]	1,000,000	29 Aug 2013	0,13	–		–		1,000,000
Mr JAJ Loots	5,000,000	29 Aug 2013	0,13	–		–	–	5,000,000
Mr GP Louw	–		–	4,614,979	1 Mar 2015	0,12	–	4,614,979
Mr C Strydom[2]	2,325,000	9 May 2011	0,11	–		–	–	2,325,000
Mr A van den Bergh[2]	1,812,590	9 May 2011	0,11	–		–	–	1,812,590
Mr A Karigani[2]	2,910,448	1 Apr 2014	0,13	–		–	–	2,910,448
Mr P Human[2]	1,935,000	9 May 2011	0,11	–		–	–	1,935,000
	20,110,172		0,10	4,614,979		–	–	24,725,151

[2] *Highest paid non-directors.*

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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:

- 3.33% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant
- Up to 66.67% of the total number of shares allocated after two years has elapsed from the grant date by the participant of the grant
- The balance of the shares allocated after three years has elapsed from the grant date by the participant of the grant
- 25% of the total number of shares allocated after one year has elapsed from the grant date by the participant of the grant
- Up to 50% of the total number of shares allocated after two years has elapsed from the grant date by the participant of the grant
- Up to 75% of the total number of shares allocated after three years has elapsed from the grant date by the participant of the grant
- The balance of the shares after four years have elapsed from the grant date by the participant of the grant; provided that the board may, at its discretion, anticipate or postpone such dates.

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

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

During the prior year, an equity-linked incentive was implemented for the then newly appointed executive directors. 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, a 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.

During the current year, the above mentioned equity linked incentives vested and were redeemed through a cash consideration by the respective directors.

34. EQUITY-SETTLED SHARE OPTIONS continued

The transaction was treated as an equity-based share option transaction by the group, throughout the vesting period and settled by cash on exercise date. Refer below:

	ZAR	£
Opening balance equity reserve 30 June 2013	–	–
Equity expense for the year	2,008,779	119,003
Closing balance 30 June 2014	**2,008,779**	**119,003**
Equity expense for the year	**3,313,149**	**184,064**
Cash settlement on redemption	**(5,321,928)**	**(303,067)**
Closing balance 30 June 2015	**–**	**–**

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

	30 June 2015		30 June 2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 July	**5.3p**	**5,272,000**	6.4p	9,782,600
Granted during the year	–	–	nil	2,650,000
Forfeited	–	–	6.4p	(100)
Exercised during the year	**1.7p**	**(4,150,000)**	4.9p	(7,160,500)
Outstanding 30 June	**1.9p**	**1,122,000**	5.3p	5,272,000

	30 June 2015		30 June 2014	
	Vested	Unvested	Vested	Unvested
Total number share options at year-end	**1,122,000**	–	2,622,000	2,650,000

The fair value of services rendered 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 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	R0.62
Exercise price	Nil	R0,.68	R0.70
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 one to four years back from the date of grant. Therefore, volatility of the company's share prices was calculated over the period commensurate with the expected life of the options under consideration, giving more weight to more recent historical data to account for volatility persistence.

There are no market conditions attached to the exercise of the share options except the share options issued during the prior year.

The group recognised total expenses of £184,064 (2014: £122,936) 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.

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35. RELATED PARTY TRANSACTIONS

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

	Statement of profit or loss and other comprehensive income transactions		Statement of financial position transactions	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Company				
– Dividends received from Barberton Mines	**54,709,384**	–	–	–
– Fee income from Barberton Mines	–	509,479	–	–
– Fee income from Phoenix Platinum	–	29,621	–	–
– Fee income from Evander Mines	–	337,678	–	–
– Directors' fees expense to Shanduka	**(27,788)**	(38,451)	–	–
Receivable from other group companies				
– Barberton Mines	–	–	–	–
– Pan African Resources Management Services Company	–	–	**1,060,195**	29
– Evander Mines	–	–	**23,107,286**	15,238,735
– Phoenix Platinum	–	–	**7,202,293**	7,216,854
Payable to other group companies				
– Evander Mines	–	–	**(4,644,085)**	(4,976,726)
– Barberton Mines (loan payable)	–	–	**(2,561,669)**	(30,339,085)
– Emerald Panther	–	–	**(7,606)**	(8,151)
– Funding Company	–	–	**(181)**	(194)
Payable to other related parties				
– Fee payable to Shanduka	–	–	–	(6,791)
PAR Management Services				
– Fee income from Barberton Mines	**1,666,667**	–	–	–
– Fee income from Phoenix Platinum	**152,778**	–	–	–
– Fee income from Evander Mines	**1,248,661**	–	–	–
– Fees expense to Shanduka	**(177,778)**	–	–	–
– Interest expense paid to Funding Company	**(16,450)**	–	–	–
Receivable from other group companies				
– Barberton Mines	–	–	**865,285**	–
– Evander Mines	–	–	**1,684,974**	–
– Phoenix Platinum	–	–	**162,435**	–
Payable to other group companies				
– Payable to company	–	–	**(1,060,195)**	(29)
– Funding Company	–	–	**(243,782)**	–
Payable to other related parties				
Fee payable to Shanduka	–	–	**170,831**	–

35. RELATED PARTY TRANSACTIONS continued

	Statement of profit or loss and other comprehensive income transactions		Statement of financial position transactions	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Barberton Mines				
– Dividends declared to company	(54,709,384)	–	–	–
– Fees expense to corporate	(1,666,667)	(509,479)	–	–
– Fees expense to Shanduka	(62,702)	(63,084)	–	–
– Interest expense paid to Funding Company	(57,776)	–	–	–
Receivable from other group companies				
– Receivable from company	–	–	2,561,669	30,339,085
Payable to other group companies				
– Pan African Resources Management Services Company	–	–	(865,285)	–
– Payable to Funding Company	–	–	(699,055)	–
– Payable to company	–	–	–	–
Funding Company				
– Finance income from Evander Mines	1,230,251	863,345	–	–
– Finance income from Barberton Mines	57,776	–	–	–
– Finance income from Phoenix Platinum	4,605	–	–	–
– Finance income from Pan African Resources Management Services Company	16,450	–	–	–
Receivable from other group companies				
– Receivable from company	–	–	181	194
– Evander Mines	–	–	11,086,337	101,934
– Pan African Resources Management Services Company	–	–	243,782	–
– Barberton Mines	–	–	699,055	–
Payable to other group companies				
– Phoenix Platinum	–	–	(155,440)	–
Phoenix Platinum				
– Fees expense to corporate	(152,778)	(29,621)	–	–
– Interest expense paid to Funding Company	(4,605)	–	–	–
Receivable from other group companies				
– Funding Company	–	–	155,440	–
– Evander Mines	–	–	2,212,476	–
Payable to other group companies				
– Pan African Resources Management Services Company	–	–	(162,435)	–
– Payable to company	–	–	(7,202,293)	(7,216,854)
Evander subsidiaries				
Receivable from other group companies				
– Receivable from Evander Gold Mining Proprietary Limited	–	–	6,596,733	7,068,166
Payable to other group companies				
– Payable to Evander Gold Mining Proprietary Limited	–	–	(153,566)	(164,566)

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35. RELATED PARTY TRANSACTIONS continued

	Statement of profit or loss and other comprehensive income transactions		Statement of financial position transactions	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Evander Gold Mines Limited[1]				
– Gold sales invoiced to Evander Gold Mining Proprietary Limited	**54,916,954**	54,563,057	**–**	–
– Cost of gold production from Evander Gold Mining Proprietary Limited	**(54,373,221)**	(54,022,829)	**–**	–
Receivable from other group companies				
– Receivable from company	**–**	–	**4,644,085**	–
– Receivable from Evander Gold Mining Proprietary Limited	**–**	–	**47,820,473**	51,245,704
– Receivable from Evander subsidiaries	**–**	–	**153,566**	164,566
Payable to other group companies				
– Payable to Evander Gold Mining Proprietary Limited	**–**	–	**–**	–
– Payable to Funding Company	**–**	–	**(5,861)**	(6,281)
– Payable to Evander subsidiaries	**–**	–	**(6,596,733)**	(7,068,166)
Evander Gold Mining Proprietary Limited[1]				
– Gold purchases from Evander Gold Mines Limited	**54,373,221**	54,022,829	**–**	–
– Cost of gold production income invoiced to Evander Gold Mines Limited	**(54,916,954)**	(54,563,057)	**–**	–
– Fees expense to corporate	**(1,248,661)**	–	**–**	–
– Finance costs paid to Funding Company	**(1,230,251)**	(863,345)	**–**	–
Receivable from other group companies				
– Receivable from Evander Gold Mines Limited	**–**	–	**–**	–
Payable to other group companies				
– Funding Company	**–**	–	**(11,080,476)**	(101,934)
– Pan African Resources Management Services Company	**–**	–	**(1,684,974)**	–
– Phoenix Platinum	**–**	–	**(2,212,476)**	–
– Evander Gold Mines Limited	**–**	–	**(47,820,473)**	(51,245,704)
– Payable to company	**–**	–	**(23,107,286)**	(15,238,735)

[1] *Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited are collectively referred to as Evander Mines due to an interim-mining arrangement in place since 1 March 2013.*

The group entered into agreements to acquire the Uitkomst Colliery during February and June 2015, from Oakleaf and Shanduka for a cash consideration of ZAR200 million. Shanduka is a related party to the group. Refer to note 37.

36. NON-CURRENT ASSET HELD FOR SALE

The carrying value of non-current assets held for sale on 30 June 2015 is as follows:

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Description				
Opening balance	–	213,191	–	–
Disposal of the Segalla plant[1]	–	(177,982)	–	–
Foreign currency translation reserve	–	(35,209)	–	–
	–	–	–	–

[1] *Segalla plant: The decision was taken during the 2012 financial year to sell the Segalla plant. In the prior year the Segalla plant was sold for a total consideration of £166,859.*

	CONSOLIDATED	
	30 June 2015 £	30 June 2014 £
Opening balance		213,191
Proceeds	–	(166,859)
Loss on sale of asset held for sale	–	(11,848)
Foreign currency translation reserve	–	(34,484)
Net book value	–	–

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37. EVENTS AFTER THE REPORTING PERIOD

Evander Mines employee share ownership programme

In the 2016 financial year, Evander Mines implemented an employee share ownership programme which is similar to that implemented at Barberton Mines in June 2015. A newly established employee trust will effectively own 5% of the issued share capital of Evander Mines. The transaction was financed by Evander Mines with preference share funding attracting a real return of 2% per annum and without any dilution to Pan African Resources' shareholders. A portion of dividends declared is retained to repay the notional financing. The portion retained ranges from 50% to 80%, over the 10 year vesting period of the scheme.

Internal Ferro Metals Limited (IFL) announcement regarding business rescue

Pan African Resources' shareholders are referred to the regulatory announcement published on 26 August 2015 by IFL, whereby IFL announced that as a result of deteriorating business conditions, its South African subsidiary, International Ferro Metals (SA) Proprietary Limited (IFMSA), has entered into business rescue. Business rescue is a statutory means of enabling a financially distressed company to continue business, under the supervision of a business rescue practitioner, protected from its creditors.

Phoenix Platinum is situated on the IFMSA property, and a portion of the feedstock for the Phoenix Platinum operation (currently approximately 20%) is obtained from tailings arising from IFMSA's current processing activities. Phoenix Platinum is not solely reliant on material from IFMSA, and has alternative sources of feedstock. Phoenix Platinum sources electricity, water and certain other services from IFMSA.

At this stage, Phoenix Platinum is not in a position to fully assess the impact of the business rescue proceedings referred to above on the operation. Phoenix Platinum and Pan African Resources will work closely with the IFMSA business rescue practitioner to ensure that the operations and interests of Phoenix Platinum are safeguarded, which includes the services currently provided by IFMSA. All stakeholders will be kept informed as these discussions progress.

Acquisition of Uitkomst Colliery

The group entered into agreements to acquire Uitkomst Colliery during February and June 2015. Once all the conditions precedent to the agreement are met, the Colliery will be acquired from Oakleaf and Shanduka for a cash consideration of ZAR200 million. The Colliery is an existing operational mine and the acquisition is expected to be earnings and cash flow accretive to Pan African Resources. It contains a coal mineral resource of 25,7 million tonnes, of which 22,1 million tonnes can be classed as measured or indicated, in accordance with the SAMREC code. The area also has additional exploration potential. Current operations at the Colliery demonstrate that it can readily produce yields of high grade coal suitable for export or local metallurgical markets. The Colliery currently sells approximately 400,000 tonnes of coal per annum.

The acquisition still remains subject to approval by the DMR in terms of the MPRDA section 11 mining rights transfer to Pan African Resources.

38. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Profit before taxation	15,802,756	33,939,335	53,594,728	(569,830)
Adjusted for:	9,765,769	14,887,531	286,219	809,102
Impairment	58,424	–	58,424	–
Equity and cash-settled share options costs	478,691	1,730,645	–	767,429
Net finance income – bank	1,073,721	562,569	(40,125)	(168,846)
Net finance income – rehabilitation trust fund	(56,488)	(414,797)	–	–
Net finance income – other	(36,844)	10,174	–	–
Net finance income – provision for rehabilitation	1,094,191	(340,530)	–	–
Net finance income – SARS	34,748	32,933	–	–
Loss/(profit) on disposal of assets	149	(20,497)	–	–
Royalty costs	1,647,297	2,019,066	–	–
Loss on disposal of associate/sale of asset held for sale	139,970	11,848	139,970	–
Loss on associate	127,950	173,177	127,950	173,177
Decrease in provision for environmental rehabilitation	–	–	–	–
Fair value adjustment on gold loan	(120,490)	128,484	–	–
Fair value adjustment on rehabilitation trust fund	(1,827,253)	923,188	–	–
Non-mining depreciation	49,094	37,342	–	37,342
Mining depreciation	10,337,211	10,023,361	–	–
Gold loan amortisation	(3,352,833)	–	–	–
Other	118,231	10,568	–	–
Operating cash flows before working capital changes	25,568,525	48,826,866	53,880,947	239,272
Working capital changes	3,285,395	(2,831,174)	112,308	96,460
Decrease/(increase) in inventories	1,838,559	1,254,612	–	–
Decrease/(increase) in trade and other receivables	2,137,370	2,208,036	(3,260)	1,161,017
(Decrease)/increase in trade and other payables	(420,706)	(5,982,303)	130,948	(955,268)
Non-cash items	(269,828)	(311,519)	(15,380)	(109,289)
Cash generated by/(utilised in) operations	28,853,920	45,995,692	53,993,255	335,732
Income taxes paid	(6,129,666)	(6,966,377)	(26,218)	(165,877)
Royalties paid	(1,945,421)	(1,569,574)	–	
Net finance costs/income	(1,130,429)	(605,676)	40,125	168,846
Dividends paid	(14,283,924)	(14,683,712)	(14,283,924)	(14,683,712)
Net cash from/(used in) operating activities	5,364,480	22,170,353	39,723,238	(14,345,011)

NOTES TO THE CONSOLIDATED AND SEPARATE
ANNUAL FINANCIAL STATEMENTS continued
for the year ended 30 June 2015

38. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(USED IN) OPERATIONS continued

	CONSOLIDATED		SEPARATE	
	30 June 2015 £	30 June 2014 £	30 June 2015 £	30 June 2014 £
Taxation paid during the year:				
Taxation charge per the statement of profit or loss and other comprehensive income	**4,132,789**	7,154,742	**24,306**	(145,372)
Less: deferred taxation	**1,236,780**	1,918,895	**–**	153,436
	5,369,569	9,073,637	**24,306**	8,064
Taxation (receivable)/payable at the beginning of the year	**891,435**	(1,322,671)	**(147,911)**	–
Taxation receivable/(payable) at the end of the year	**(215,072)**	(891,435)	**141,574**	147,911
Foreign currency translation	**83,734**	106,846	**8,249**	9,902
Taxation paid during the year	**6,129,666**	6,966,377	**26,218**	165,877
Royalty paid during the year:				
Royalty costs (receivable)/payable at the beginning of the year	**(291,089)**	(156,668)		
Royalty costs receivable at the end of the year	**538,586**	(291,089)		
Royalty costs charge for the year	**1,647,297**	2,019,066		
Foreign currency translation	**50,627**	(1,735)		
Royalty paid during the year	**1,945,421**	1,569,574		

39. BARBERTON MINES ESOP TRANSACTION

On 1 June 2015 Barberton Mines entered into an agreement with the Barberton Mines BEE Company Proprietary Limited and Barberton Mines BEE Trust.

The agreement concluded Barberton Mines would issue 5% of its authorised share capital for ZAR99.5 million to Barberton Mines BEE Company Proprietary Limited (BEE Co) who are 100% held by the Barberton Mines BEE Trust (BEE Trust).

The beneficiaries of the BEE Trust are all the Barberton Mines employees of a Paterson grading C level and below.

The share issue was vendor financed by Barberton Mines against preference share capital issued by BEE Co for ZAR99.5 million.

Preference share capital funding arrangement terms:

Real interest rate: Two percent per annum

Vesting period of the BEE scheme: 10 years

The payment terms of the funding arrangement allow for a portion of the dividends issued by Barberton Mines to be retained for settlement of the funding arrangement.

The retention percentage applied to dividends for repayment is summarised as follows:

	Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 to 10 %
Percentage of dividends withheld for payment of funding arrangement	50	50	60	70	80
Percentage of dividends accruing to the BEE trust	50	50	40	30	20
Total dividends	100	100	100	100	100

The dividends are calculated based on 80% of the mines' net cash generated during the year subject to compliance with the Companies Act requirements of liquidity and solvency.

The transaction is classified under IFRS 2 as a cash-settled share option scheme (refer to note 28) and has been summarised as follows:

The ESOP cash-settled share option liability at 30 June 2015 was valued by applying a discount rate of 7.36% to the forecasted dividends and accruing the pro-rata vesting period of the value outstanding.

	30 June 2015 ZAR	30 June 2014 ZAR
Statement of financial position		
ESOP cash-settled share options liability		
Opening balance	–	–
Year 1 dividend accrued	**6,504,337**	–
Year 1 dividend paid	**(6,504,337)**	–
IFRS 2 revaluation expense	**181,000**	–
Closing balance	**181,000**	–
Statement of profit or loss and other comprehensive income		
ESOP IFRS 2 expense	**6,685,337**	–

SHAREHOLDERS' INFORMATION

"We remain focused on creating stakeholder value through unlocking the potential of our organic surface and brownfields development projects."

Cobus Loots, chief executive officer

SHAREHOLDERS' ANALYSIS

Register date: 30 June 2015

Issued share capital: 1,831,494,763 shares

SHAREHOLDER SPREAD

	Number of shareholders	%	Number of shares	%
1 – 1,000 shares	494	10.47	235,009	0.01
1,001 – 10,000 shares	1,758	37.25	8,629,787	0.47
10,001 – 100,000 shares	1,776	37.63	59,542,015	3.25
100,001 – 1,000,000 shares	498	10.55	168,628,982	9.21
1,000,001 shares and over	194	4.11	1,594,458,970	87.06
Total	4,720	100.0	1,831,494,763	100.00

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Banks	28	0.59	37,559,708	2.05
Brokers	20	0.42	13,993,932	0.76
Close corporations	56	1.19	3,255,479	0.18
Endowment funds	30	0.64	9,494,551	0.52
Individuals	3,645	77.24	103,361,980	5.64
Insurance companies	27	0.57	35,819,490	1.96
Investment companies	2	0.04	25,775,000	1.41
Medical aid schemes	12	0.25	6,773,979	0.37
Mutual funds	114	2.42	327,312,105	17.87
Nominees and trusts	490	10.38	383,822,669	20.96
Other corporations	45	0.95	2,919,402	0.16
Pension funds	185	3.92	424,197,386	23.16
Private companies	54	1.14	454,021,004	24.79
Public companies	12	–	3,188,078	–
Total	4,720	100.00	1,831,494,763	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Non-public shareholders	4	0.08	439,469,633	24.00
Directors	3	0.06	3,261,575	0.17
Strategic holder (more than 10%)	1	0.02	436,358,058	23.83
Public shareholders	4,716	99.92	1,391,875,130	76.00
Total	4,720	100.00	1,831,494,763	100.00

BENEFICIAL SHAREHOLDERS HOLDING OF 3% OR MORE

	Number of shares	%
Shanduka Gold Proprietary Limited	436,358,058	23.83
Public Investment Corporation	137,669,665	7.52
Allan Gray Equity Fund	79,791,642	4.36

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting (AGM) of Pan African Resources will be held at 14:00 on 27 November 2015 at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT* (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 2015.

2. To approve the payment of a final dividend for the year ended 30 June 2015 of ZAR0.11466 per share.

3. To re-elect Mrs HH Hickey as a member of the audit committee.

4. To re-elect Mr KC 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 2015.

7. To re-elect Mr KC Spencer as a director of the company, who retires by rotation pursuant to the Articles of Association of the company.

8. To re-elect Mr JAJ Loots as a director of the company, who retires by rotation pursuant to the Articles of Association of the company.

9. To re-elect Mr GP Louw as a director of the company, who was appointed since the last AGM.

10. To re-appoint Deloitte LLP as auditors of the company and to authorise the directors to determine their remuneration.

A brief CV of the directors mentioned in resolutions 3 to 5 and 7 to 9 above is contained on pages 28 and 29 of this integrated annual report.

SPECIAL BUSINESS

As special business, to consider and if thought fit, to pass the following resolutions of which Resolution 11 will be proposed as an ordinary resolution and Resolution 12 will be proposed as a special resolution:

11. THAT the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the UK 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 £6,116,203.54; such authority shall, unless previously revoked or varied by the company in general meeting, expire on the conclusion of the next AGM of the company or on 31 December 2016, 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.

12. That the company be generally and unconditionally authorised for the purposes of section 701 of the UK Companies Act 2006 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:
    - the maximum aggregate number of ordinary shares which may be purchased is £915,747.38 (representing approximately 5 percent. of the issued share capital of the company at the date of this notice);
    - the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;
    - 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;
    - this authority shall expire at the conclusion of the next AGM of the company or on 31 December 2016, 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
    - any market purchases by the company of ordinary shares in the company as contemplated in this resolution shall comply, to the extent required, with the provisions of the JSE Listings Requirements pertaining

PAN AFRICAN RESOURCES PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registration number 3937466 on 25 February 2000)

Share code on AIM: PAF

ISIN: GB0004300496

Share code JSE: PAN

* *Please note that as the AGM will be held at The London Stock Exchange all attendees will be required to show ID in order to gain entry.*

NOTICE OF ANNUAL GENERAL MEETING continued

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 trading system and done without any prior understanding or arrangement between the company and a counterparty, unless the JSE 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 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 test was 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 JSE Listings Requirements, unless the company has complied with the conditions set out in paragraph 5.72(h) of the JSE Listings Requirements.

The other general information referred to in paragraph 11.26(b) of the JSE Listings Requirements regarding the company is contained elsewhere in this notice of AGM, as follows:

- Major shareholders on page 174
- Company's share capital, on page 140

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the company, whose names are given on pages 28 and 29 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 JSE 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 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 test was 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.

Note:

(i) The company will publish an announcement complying with the Listings Requirements if and when an initial and successive 3% tranche(s) of its shares have been repurchased in terms of the aforementioned general authority.

APPROVALS REQUIRED FOR RESOLUTIONS

The ordinary resolutions contained in this notice of AGM require the approval of more than fifty percent (50%) of the total votes cast on the resolution by shareholders present or represented by proxy at the AGM. The special resolutions contained in this notice of AGM require the approval of at least seventy five percent (75%) of the total votes cast on the resolutions by the shareholders present or represented by proxy at the AGM.

By order of the board

St James's Corporate
Services Limited

St James's Corporate Services Limited
Company secretary

15 September 2015

Suite 31, Second Floor
107 Cheapside
London
EC2V 6DN
England

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 25 November 2015; or,
   - if the AGM is adjourned, 48 hours prior to the adjourned meeting,

   shall be entitled to attend and vote at the AGM.

Appointment of proxies

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

   You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the company but must attend the AGM to represent you. Details of how to appoint the chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form.

   If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

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

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

Appointment of proxy using hard-copy proxy form

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

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed; and
   - sent or delivered to Capita 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 14:00 on 25 November 2015.

   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 14:00 on 25 November 2015. 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.

NOTICE OF ANNUAL GENERAL MEETING continued

Issued shares and total voting rights

10. As at 18:00 on 14 September 2015, the company's issued share capital comprised 1,831,494,763 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 14 September 2015 was 1,831,494,763.

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 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 14:00 on 25 November 2015 (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.

PAN AFRICAN RESOURCES PLC

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 to be held at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT at 14:00 on 27 November 2015 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 2015				
3. To re-elect Mrs HH Hickey as a member of the audit committee				
4. To re-elect Mr KC 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 KC Spencer as a director of the company				
8. To re-elect Mr JAJ Loots as a director of the company				
9. To re-elect Mr GP Louw as a director of the company				
10. To re-appoint Deloitte LLP as auditors of the company and to authorise the directors to determine their remuneration				
SPECIAL BUSINESS:				
11. To authorise the directors to allot equity securities				
12. 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 2015

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) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
7. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
8. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

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Business Reply Plus
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PXS 1
34 Beckenham Road
BECKENHAM
BR3 4ZF

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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 to be held at the offices of Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT at 14:00 on 27 November 2015 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 2015				
3. To re-elect Mrs HH Hickey as a member of the audit committee				
4. To re-elect Mr KC 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 KC Spencer as a director of the company				
8. To re-elect Mr JA J Loots as a director of the company				
9. To re-elect Mr GP Louw as a director of the company				
10. To re-appoint Deloitte LLP as auditors of the company and to authorise the directors to determine their remuneration				
SPECIAL BUSINESS:				
11. To authorise the directors to allot equity securities				
12. 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 ______ 2015

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) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa not later than 48 hours before the start of the meeting.
5. In the case of a corporation, the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. In the case of joint holders, the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
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GLOSSARY

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	Auroch Minerals NL, an Australian-listed company in which Pan African Resources has an investment
B-BBEE	Broad-based black economic empowerment
Barberton Mines	Barberton Mines Proprietary 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
Brownfield project	Project based on prior work or rebuilt from a previous one
the board	The board of directors of Pan African Resources, as set out on pages 28 and 29
BTRP	Barberton Tailings Retreatment Plant, a gold recovery tailing plant owned by Barberton Mines, which commenced production in FY2014
Business rescue	A process which gives a company in financial distress the opportunity to restructure and reorganise its affairs under the supervision of a business rescue practitioner
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief executive officer. Pan African Resources' CEO is Cobus Loots (appointed 1 March 2015)
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
the Companies Act	South African Companies Act 71 of 2008, as amended
COO	Chief operating officer
CSI	Corporate social investment
CTRP	Chrome tailings retreatment plant
the current year	The year ended 30 June 2015
DMR	Department of Mineral Resources
ETRP	Evander Tailings Retreatment Plant, approved during the year for commissioning in October 2015
Evander Mines	Evander Gold Mines Limited and Evander Gold Mining Proprietary Limited.
Earnings accretive acquisition	An acquisition which increases earnings per share
Eskom	Electricity Supply Commission, South African electricity supplier
EXCO	Executive committee of Pan African Resources
FD	Financial director
g/t	Grams/tonne
GBF	General banking facilities
GRI	Global Reporting Initiatives
Harmony	Harmony Gold Mining Company Limited
HDSA	Historically disadvantaged South African
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	International Accounting Standards
IBC	Inside back cover (of this integrated annual report)
IFL	International Ferro Metals (SA) Proprietary Limited, Phoenix Platinum concluded a formal CTRP agreement with IFL and operates from its Lesedi Mine
IFMSA	South African subsidiary, International Ferro Metals (SA) Proprietary Limited (IFMSA),
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
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
Load shedding	Interruptions to power supply resulting from pressure on the national grid
LTIFR	Lost time injury frequency rate
LSE	London Stock Exchange
MCF	Mine call factor
Metanza	Metanza Mineral Processors, a BEE company which operates the CTRP at Phoenix Platinum plant under contract to Pan African Resources

GLOSSARY continued

MHSA	Mine Health & Safety Act
Mining Charter	Charter to facilitate the sustainable transformation and development of the South African mining industry
MOI	Memorandum of incorporation
Moz	Million ounces
MR&MR	Mineral Resources and Mineral Reserves Report
MRM	Mineral resource management
MPRDA	Mineral and Petroleum Resources Development Act
Mt	Million tonnes
NIHL	Noise-induced hearing loss
NOMAD	Nominated Adviser appointed in accordance with the London Stock Exchange's AIM Rules for Companies
NUM	National Union of Mineworkers
OPSCO	Operations committee
PEA	Preliminary economic assessment
PGE	Platinum Group Elements, namely platinum, palladium, rhodium and gold
Phoenix Platinum	Phoenix Platinum Mining Proprietary Limited, a subsidiary of Pan African Resources
Prescribed officers	Anyone who fulfils the role of a director but is operating under a different designation
RCF	Revolving credit facility
Remchannel	Internet based remuneration survey providing data across a wide variety of industries in South Africa
RIFR	Reportable Injury Frequency Rate
Section 54 safety stoppages	In terms of section 54 of the Mine Health and Safety Act No 29 of 1996, if an inspector of mines believes that an occurrence, practice or condition at a mine endangers or may endanger the health or safety of people at the mine, the inspector may give any instruction necessary to protect the health or safety of people at the mine, including instructing that operations at the mine or a part of the mine be halted
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAMREC	South African Code for Reporting of Mineral Resources and Mineral Reserves
Shanduka	The consumer price index of South Africa, a primary indicator of South Africa's inflation
or Shanduka group	Shanduka Group Proprietary Limited. Pan African Resources' black empowerment partner, which has a 26% stake in the group
SHEQC	Safety, health, environment, quality and community
SLP	Social & Labour Plan
Sporotrichosis	A disease caused by a fungus infection
t	Tonnes
TB	Tuberculosis
the group or the company or	
Pan African Resources	Pan African Resources, listed on the LSE's AIM and on the JSE in the 'Gold Mining' sector
the previous year	The year ended 30 June 2014
The UK Code	UK Corporate Governance Code
the year or the year under review	The year ended 30 June 2015
TIFR	Total injury frequency rate
TMM	Trackless mobile machinery
UASA	United Association of South Africa
UK	United Kingdom
UK Corporate Governance Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relationships with shareholders
Financial terms	
AUD	Australian Dollar
CPI	The consumer price index of South Africa, a primary indicator of South Africa's inflation
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPS	Earnings per share
GBP	Pounds Sterling
JIBAR	Johannesburg Inter-bank Acceptance Rate
FVTPL	Fair value through profit and loss
HEPS	Headline earnings per share
PPI	Producer price inflation
ROI	Return on investment
USD	US Dollars
ZAR	South African Rand

COMPANY INFORMATION

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SHAREHOLDERS' DIARY

Financial year-end	30 June 2015
Preliminary annual results announcement	16 September 2015
Annual report posted	30 October 2015
AGM	27 November 2015
Interim results announcement	TBA

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