

Pan African: a rapidly growing African explorer

Pan African Resources plc is a mid-tier gold mining and exploration company focused on the African continent. Projects range from grassroots endeavours in the Central African Republic through to three gold producing mines in South Africa.

Pan African is an internally funded exploration and mining company, with all revenue required for further exploration generated by the Barberton mines in South Africa. The mines produced approximately 99,000oz of gold in 2007 with an EBITDA (earnings before interest, taxes, depreciation and amortisation) of US\$11.1m. This revenue will fund continued exploration in the areas surrounding the Barberton operation, as well as for exploration in the Central African Republic, Mozambique and Ghana.

Gold has reached its highest level in over 25 years in the last few weeks, supporting the company's bullish outlook. As Pan African's executive chairman, Keith Spencer, said recently: "The outlook for gold remains robust, with a spectacular increase in the US dollar-denominated gold price during the past year. A lack of exploration investment over the past decade has reduced gold output and this, together with the weakening US dollar, rising oil prices and the sub-prime crisis, has once again highlighted gold as a safe haven. These fundamentals are expected to remain, giving support for the price and earnings growth going forward."

Pan African employs local people at its various projects as much as possible instead of using expatriates, as is common practice. This has been implemented for many of the company's exploration staff including geologists and administrative people, providing the company knowledge and skills of the particular language of a country as well as its cultural and legal systems. Hiring local geologists and administrative staff has the additional benefit of proving to be less expensive.

The five year strategy for Pan African is to grow the production base from 100 000oz to 500 000oz of gold per year; grow the resource base to 10Moz of gold; remain leveraged to the gold price; and grow organically and through acquisitions.

To help achieve its aims, Pan African acquired a 74% interest in the Barberton mines in July 2007, and in exchange the Metorex Group – a diversified miner with

projects all over the African continent and headed by mining entrepreneurs Simon Malone and Charles Needham – gained a 55% stake in the company. Pan African is also 6.2% owned by Pangea Exploration, which is headed by Rob Still and Anton Esterhuizen. Through these partnerships Pan African has access to many promising gold prospects in Africa. Pan African reported a loss for the financial year ended June 2007, as the company was still a pure exploration play.

Gold producing operations

Barberton Gold Mines, Mpumalanga, South Africa

Barberton Mines Ltd has been in operation since 1886. Barberton Mines comprises the Fairview, Sheba and New Consort mines. They are situated in the Mpumalanga province of South Africa and have good infrastructure and access by road and air. The world's first bio-oxidation process (Biox) plant is based at the Fairview operation. Pan African through its stake in Barberton will have access to the Biox plant.

The Barberton Greenstone Belt (BGB) is surrounded by a variety of granitic rock types that have been categorised into three magmatic cycles based on their distinctive geochemical, geochronological and field characteristics. The cycles reflect the stages in the formation and genetic evolution of the earliest sialic crust in the Barberton mountain land and they span a period of 600m years from 3500-2900.

Most of the known occurrences of gold within the BGB have been found localised in the region to the north and north-east of Barberton, known locally as the James and Sheba Hills, and in the area immediately southwest of

Below: The Barberton Biox plant at the Fairview operation



Barberton, in the Moodies Hills. Apart from these areas, additional gold concentrations occur along and adjacent to the major strike and faults, as well as in a few localities in Swaziland near the granite-greenstone contacts.

The ore bodies all occur in the vicinity of a complex, refolded, arcuate, south-dipping shear/fault system, the Sheba Fault Zone, developed between the Ulundi and Eureka synclines. The locations and geometries of the ore bodies themselves are structurally controlled and, due to the complex deformational history of the host rocks, have variable strikes, dips and widths. Some are continuous for several hundred of metres, along strike and down dip, whereas others are discontinuous and not traceable between adjacent mining excavations or drill holes.

Exploration projects

Manica gold project, Mozambique

The Manica gold project in Mozambique is situated roughly 4km north of the town of Manica. The town lies approximately 270km inland of the port of Beira, in what is known as the 'Beira Corridor'. A major road and rail route services the area and the Cahora Bassa hydroelectric generation station supplies power.

The licence area is 44km² and consists of three main prospects, namely; Fairbride, Guy Fawkes, Dot's Luck and Boa Esperanza. The Manica gold project is 100% owned by Explorator Limitada, a fully owned subsidiary of Pan African. The licence area lies on the Odzi-Mutare-Manica greenstone belt. This greenstone belt is situated on the Achaean Zimbabwe Shield extending from the Save River in Zimbabwe for 140km.

On 10 September 2007, Pan African announced an increase of 18% in the resource of the Manica gold project, from a previously reported 1.311Moz to the updated resource of 1.55Moz, including the resource at the Fairbride prospect of 1.245Moz. Higher gold grades at the Fairbride prospect were also reported, as well as an additional 15,600m programme planned for the next 12 months. To date approximately US\$1.7m has been spent on exploration and US\$2.0m is planned for the future.

Below: Drilling at the Manica gold project



This project has moved forward rapidly due to pressure from Pan African's chief executive Jan Nelson. "The only way to move an exploration project forward is by drilling holes into the ground and analysing the results," he says.

According to the company, the centralised Mining and Geological department in the Mozambique capital, Maputo, has sped up the process of applying and maintaining exploration licences. All information and maps are available through this department in electronic format. Companies investing in Mozambique have access to all levels of government officials at all times. In addition, the stable government has encouraged foreign investment, as is evident in the number of large corporates and the investments by the World Bank in Mozambique over the last decade.

Should the bankable feasibility study show Manica as a viable mining operation, it would become Mozambique's first commercial gold mine. Pan African says it has experienced very few problems in the country, and the Minister of Mines has proved to be helpful and interested in the project.

Amira, Eagles Nest and Thomas-Victory Hill Gold Projects, Mpumalanga, South Africa

A US\$2m exploration programme has been initiated around Barberton Mines, initially targeting three prospective areas, namely; Amira, Eagles Nest and Thomas-Victory Hill.

Bogoin and Dekoa Gold Projects, Central African Republic

The Central African Republic (CAR) has been described as the 'last unexplored mineral frontier in the world' and Pan African has secured two licence areas totalling over 4000km². The Bogoin gold project is situated in southwestern CAR, approximately 120km north of the capital city, Bangui. The travelling time between Bangui and the Bogoin gold project is approximately two hours by road. The Dekoa gold project is located in the western central portion of CAR, approximately 330km from the capital.

The Bogoin gold project was subject to artisanal mining between 1938 and 1943, and in 1946 it was re-opened and exploited for both alluvial and shear zone hosted gold deposits. This area became known as Roux mine and falls under the Bogoin licence area.

Geomorphologically the area is relatively flat to gently undulating. South of the Roux mine the ground drops away to an open valley dissected by a stream. Regional geological mapping of the limited outcrop and subsequent interpretation shows that the lithologies present within the syncline are meta-basalts, banded iron formation and quartzites. The dominant feature is a broad syncline, which opens up to the south and with a sub vertical foliation. The syncline is enfolded within granitoids. Within the Roux mine a major steeply west dipping shear zone is exposed. Trenching across the synclinal structure has revealed that the soil cover extends to a depth of 2m. Extensive sheets of ferricrete outcrop north of the Roux mine.

The Dekoa-Boufoyo Achaean granite-greenstone belt covers an area of 7,500km² and constitutes one

of the major geological features in the CAR. The belt trends in a north westerly south easterly direction. The Dekoa exploration permits cover the entire 160km north western portion of the Dekoa-Boufoyo belt. Limited literature is available for the Dekoa exploration project area. Granites are common throughout the Dekoa licence area, but exposures are rare due to depth of the weathering profile across the entire area and granite-greenstone associations are not fully understood. It is believed that the granites represent both basement and later granitoids that intruded the greenstone succession.

The greenstone succession comprises meta-gabbros at the base overlain by meta-basalts. The meta-gabbros are commonly observed in the south eastern termination of the Dekoa-Boufoyo greenstone belt. The meta-basalts are generally tholeiitic and comprise the bulk of the greenstone succession. Ovoid structures interpreted as pillow lavas have been observed in the field. Quartzite and banded iron formations make up the upper-most part of the greenstone succession. The quartzite and banded iron formation are only preserved in the northwestern portion of the Dekoa – Boufoyo greenstone belt in the area covered by the Dekoa permits.


The licence areas mentioned above are held in a 50:50 joint venture with CARGold, a South African company. Pan African acts as the exploration management team for the projects and has the right to increase its total shareholding to 68%. The licences for both Bogoin and Dekoa have been applied for according to the mining code of CAR. This allows the JV to move from exploration to mining further down the line, as all the necessary docu-

mentation and allowances have been made upfront.

Akrokerri gold project, Ghana

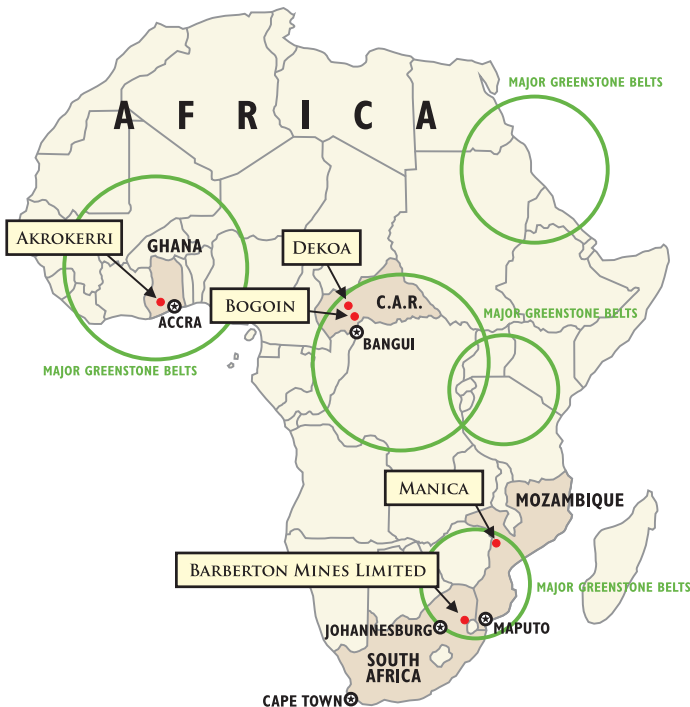
The Akrokerri licence area lies 10km northeast of Anglo-Gold Ashanti Ltd's Obuasi mine. It covers an area of 26km² and has five defined exploration targets. Historical mining records are available for the licence area where, between 1905 and 1909, average grades of 24.6g/t were mined from a now idled mine. A strong gold-in-soil anomaly extends from the idled mine area north eastwards to the recently exploited Homase pit, which lies immediately north of the Akrokerri concession.

Pan African was involved in a Ghanain project in the Wa region but due to insufficient results the company terminated the project. Pan African then entered into approximately 6 months of negotiations with local companies who held the rights to the various properties. Pan African joined into an agreement with SEMS Exploration, whereby it now holds a 90% stake in the property.

The project licence area lies directly north of the world-class Obuasi Ashanti deposit. Obuasi is situated along a north-northeast trending shear system directly south of a major east-northeast trending structural zone. The east-northeast trending zone is considered to be a critical control on the siting of Obuasi. The Akrokerri permit occurs immediately north of this feature. Very limited information is available on the project and Pan African's plan is to complete a detailed soil-sampling program across the structure and follow that work up with a drilling programme. 



PAN AFRICAN RESOURCES PLC
THE MID-TIER GOLD MINING AND EXPLORATION COMPANY



GOLD MINING OPERATIONS



- Barberton Mines**
Mpumalanga Province, South Africa
- Three operating gold mines; Fairview, Sheba & New Consort
 - Annual Production: 99,000 oz of gold
 - EBITDA of US\$11.1 Million for 2007 financial year
 - The first BIOX[®] plant in the world

EXPLORATION PROJECTS



- Manica Gold Project, Mozambique**
- 44km² licence area
 - Total Resource: 1.55Moz
 - Pre-Feasibility complete in Q1 2008
 - Bankable Feasibility Study complete in Q3 2008



- Amira, Eagles Nest and Thomas Victory Hill Gold Projects**
Mpumalanga Province, South Africa
- US\$2 Million exploration programme initiated
 - Extensive geological database available



- Bogoin and Dekoa Gold Projects, CAR**
- Over 4,000km² licence area
 - Grassroots exploration projects
 - Define SAMREC resource at Bogoin in Q3 2008
 - Drill major anomalies at Dekoa in Q3 2008



- Akrokerri Gold Project, Ghana**
- 26km² licence area
 - Regional exploration project
 - Define drill targets in Q2 2008
 - Drill defined targets in Q3 2008

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