

Rev B - D805R

STRICTLY CONFIDENTIAL

**TECHNICAL REVIEW
ON THE
PHOENIX PLATINUM MINING (PTY) LIMITED'S
PHOENIX CTRP
FOR
PAN AFRICAN RESOURCES PLC**

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**TECHNICAL REVIEW
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PHOENIX PLATINUM MINING (PTY) LIMITED'S
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FOR
PAN AFRICAN RESOURCES PLC**

The Directors
Pan African Resources plc
1st Floor
Cradock Heights
21 Cradock Avenue
Rosebank, Johannesburg

Dear Sirs,

EXECUTIVE SUMMARY

i. Introduction and Purpose of Report

Phoenix Platinum Mining (Pty) Limited (Phoenix) is a wholly owned subsidiary of Pan African Resources plc (PAR).

Phoenix plans to recover platinum group metals (PGMs) from tailings dumps and dams and current arisings through Mineral Rights Agreements, pertaining to the Buffelsfontein Tailings Dams and Current Arisings, the Elanskraal Dumps and Pits and the Kroondal Dump. The tailings, dumps and current arisings are covered through various agreements to be the feed source for a planned 240ktpa chrome tailings retreatment plant (CTRP), referred to as the Phoenix CTRP (the CTRP or the Project).

The Directors of PAR requested Venmyn Rand (Pty) Limited (Venmyn) to complete an independent techno-economic review of the Phoenix CTRP (the Review).

The Review scope of work (SOW) included:-

- review fairness of key inputs and assumptions; and
- identification of “fatal flaws” or risks pertaining to:-
 - metallurgical testwork, process plant and associated infrastructure design and costing; and
 - tailings disposal facility (TDF) design and costing.

The Review excluded:-

- environmental and social review of the Project;
- review of associated infrastructure and services required for the CTRP;
- the review of the mining method, mine design or mine plan; and
- any related issues pertaining to the Sky Chrome Project, a “blue sky” chrome mining operation adjacent to the IFM Mine, which Sky Chrome Mining (Pty) Limited intends mining.

On 18th February 2010, PAR concluded an exclusivity agreement and agreed terms with International Ferro Metals (SA) (Pty) Limited (IFM) for the establishment of the CTRP on IFM's Lesedi Mine in South Africa (SA) (the Exclusivity Agreement).

Phoenix purchased the surface land in respect of Portions 22 and 23 of the farm Buffelsfontein 465JQ (the Phoenix Property) as a possible site for erecting the CTRP and for establishing the TDF should the IFM negotiations be unsuccessful.

The Exclusivity Agreement allows for the establishment of the CTRP at IFM's Lesedi Mine (the IFM Property or the Lesedi Mine), with significant savings to the execution schedule and capital cost, compared to the establishment of the CTRP at the Phoenix Property.

The construction of the CTRP at the Lesedi Mine is subject to concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and the interest in the net profit (NPI) Agreement, relating to all material from Buffelsfontein, only.

Over a 20 year life of operation the Project is expected to produce 212koz of PGMs. The Phoenix CTRP has a planned tailings treatment capacity of 240ktpa. The total capital cost requirement to construct and commission the CTRP at the Lesedi Mine is estimated at ZAR103.662m, at an average projected cost (excluding smelter costs) over the life of the operation of ZAR2,742/oz and ZAR5,475/oz including smelter costs.

ii. Scope of Opinion and Reliance on Other Experts

In the execution of our Mandate, Venmyn undertook a technical and economic review of the proposed CTRP, in order to identify all the factors of both a technical and economic nature which could impact the future viability.

This Report has been prepared for Phoenix in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code) and the South African Code for the Reporting of Mineral Asset Valuation (the SAMVAL Code), collectively referred to as the SAMCode.

This Report has been compiled in order to incorporate all available and material information as of 1st August 2010, which will enable readers to make a reasoned and balanced judgement regarding the economic merits of the proposed CTRP.

In performing the review, Venmyn made use of the Specialist Consultants as outlined in the table below.

Specialist Consultants Used

COMPANY	RESPONSIBILITY
Epoch Resources (Pty) Limited (Epoch)	Design and costing of the TDF.
RSV MISYM Engineering Services t/a K'Enyuka	Concentrator plant and associated infrastructure design, metallurgical testwork and costing.

Venmyn has completed their Mandate in full, with no outstanding work.

The effective date of the Review is 1st August 2010.

iii. Background and Corporate Structure

PAR acquired 100% of Phoenix from Metorex Limited (Metorex) on 21st May 2009 with the aim to focus exploration and development efforts on becoming an independent low cost PGM producer from chrome tailings. Phoenix has a growing pipeline of high quality projects, of which the CTRP will be the company's first Production Property.

Phoenix is a wholly owned subsidiary of PAR.

iv. Location

The Exclusivity Agreement allows for the establishment of the CTRP at IFM's Lesedi Mine on the farm Buffelsfontein 465JQ, located some 15km northeast of the town Mooinooi in the North West Province of SA.

Phoenix purchased the surface land in respect of the Phoenix Property, measuring some 75ha, as an alternative site for erecting the CTRP and establishing the TDF should the IFM negotiations be unsuccessful.

The feed source to the CTRP will be:-

- tailings material from the Buffelsfontein Tailings Dams, located at the Lesedi Mine;
- current arising from the Lesedi Mine;
- old tailings from the Elandskraal Dumps and Pits, located on the farm Elandskraal 469JQ; and
- old tailings from the Kroondal dump, located on the farm Kroondal 304JQ.

All the above properties are located in the North West Province of SA.

v. Legal Aspects

Venmyn is unaware of any legal proceedings that might influence the right by Phoenix to recover PGMs from the old tailings and current arisings. However, the construction of the CTRP at the Lesedi Mine is subject to concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and the NPI Agreement.

vi. Mineral Rights

The respective Mineral Rights for the different Phoenix properties are outlined in the table below.

Legal Aspects and Tenure

PROJECT	FARM	PTNS/RE	RIGHT		DATE		SIZE (ha)	HOLDING COMPANY	MINERALS
			TYPE	NUMBER	START	EXPIRY			
Buffelsfontein Tailings Dams and Current Arisings ²	Buffelsfontein 465JQ	Ptn 11 constituted by Ptns 20,21,22,23, 24, 104.Re Ptn 1	Mining License (Conversion lodged 10/05/2006)	ML88/2003	22/12/03	21/12/2022	328.908	IFM	Chrome and PGMs
		Ptn 12					82.2270		
Elandskraal Dumps and Pits ³	Elandskraal 469JQ	A Ptn of Ptn 155	Notarial Lease Agreement	N/a as Dumps are pre new order Mining Right	30/5/07	Initial period of 8 yrs	88.8491 (Mining Area)	Minco	Chrome and PGMs
			Akte van Transport T31466/1965			Renewable for 3 periods of 5 years after initial 8 year period			
Kroondal Dump ¹	Kroondal 304JQ	Ptns of Ptns 92, 93 and 102	Original Mining Permit	MP 82/2002	15/10/02	29/9/04	9.4400	Phoenix through cession from GB Mining	PGMs
			Movable Asset	Protocol 74/2001 Purchased PGM rights from the Land owners	7/09/01				

1. Xstrata Chrome own the Chrome content in the dump.
2. Phoenix has an Agreement (Protocol 22/2007 dated 15th November 2007) with IFM for the supply of the retained PGM Rights to process residue produced from the IFM Mining Area.
3. Phoenix has an Agreement (dated 27th August 2008) with Minco to process tailings from tailings dumps at the Mining Area.

vii. Regulatory Approvals

Constructing the CTRP at the Phoenix Property, as was originally envisaged, would require onerous and time consuming regulatory and legislative approvals. Consequently, IFM was approached to locate the Phoenix CTRP at the Lesedi Mine, having the following benefits and synergies:-

- the CTRP will “piggy-back” on IFM’s regulatory and legislative requirements; and
- capital and time related saving due to utilisation of existing infrastructure from and supplied by the Lesedi Mine.

Constructing the CTRP under the regulatory and legislative requirements of the Lesedi Mine, will be subject to:-

- concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and NPI Agreement;
- IFM obtaining the necessary approvals where required; and
- IFM not incurring any increased obligations or be in breach of any regulations.

viii. Regional Geology

The geology and mineralogy of the Bushveld Complex (BC) is very well documented and understood, and due to the feed arrangement treating material from tailings dams, pits and dumps, as well as processed tailings (current arisings), the feed to the CTRP poses no real geological risk.

ix. Mineral Resource and Reserve Estimation

The Mineral Resource estimate has been compiled in accordance with the SAMREC Code. The verification and validation of the data was managed by Mr. Martin Bevelander, Group Consulting Geologist for PAR, who is accredited with the South African Council for Natural Scientific Professions (SACNASP).

Venmyn reviewed the geological model and SAMCode compliant Mineral Resource estimate as presented and found them to accurately present the orebody.

ENC Minerals (ENCM) was requested to convert the CTRP's Mineral Resources to a SAMREC Code compliant Mineral Reserve, based on results of testwork performed during the design phase of the CTRP. Testwork was performed on composite samples, covering the entire orebody. In addition the testwork results were compared with operating results achieved at other similar operations in order to validate the recovery values. Based on this, ENCM selected an overall average recovery of 45% for the proposed CTRP design.

The following table presents the Mineral Resource and Mineral Reserve estimates for the CTRP per resource area.

Total Phoenix Mineral Resource and Reserve Estimate per Project

PROJECT	RESOURCE CATEGORY	MASS	4E METAL GRADE	MINERAL RESOURCES		RECOVERY	MINERAL RESERVES	
		(kt)	(g/t)	(kg)	(oz)	(%)	(kg)	(oz)
Surface Tailings								
Buffelsfontein Tailings Dams	Measured	218	3.66	797	26,000	45%	359	12,000
	Indicated	-	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-	-
	Total	218	3.66	797	26,000	45%	359	12,000
Elandsdraal Dumps and Pits	Measured	1,149	2.45	2,813	90,000	45%	1,266	41,000
	Indicated	145	2.03	295	9,000	45%	133	4,000
	Inferred	42	2.00	84	3,000	45%	38	1,000
	Total	1,336	2.39	3,192	103,000	45%	1,436	46,000
Kroondal Dumps	Measured	260	2.00	520	17,000	45%	234	8,000
	Indicated	30	2.00	60	2,000	45%	27	1,000
	Inferred	120	2.00	240	8,000	45%	108	3,000
	Total	410	2.00	820	26,000	45%	369	12,000
Total Surface Tailings		1,964	2.45	4,809	155,000	45%	2,164	70,000
Current Arisings								
Buffelsfontein Current Arisings	Measured	1,597	3.66	5,845	188,000	45%	2,630	85,000
	Indicated	443	3.66	1,622	52,000	45%	730	23,000
	Inferred	642	3.66	2,348	75,000	45%	1,057	34,000
	Total	2,682	3.66	9,815	316,000	45%	4,417	142,000
Grand Total (Surface Tailings plus Current Arisings)								
Surface Tailings plus Current Arisings	Measured	3,224	3.09	9,975	321,000	45%	4,489	144,000
	Indicated	618	3.20	1,977	63,000	45%	890	29,000
	Inferred	804	3.32	2,672	85,000	45%	1,202	39,000
	Total	4,646	3.15	14,624	470,000	45%	6,581	212,000

Estimates of Mineral Resource and Mineral Reserve are not precise calculations and errors may occur due to rounding.

x. Concentrator Plant

The metallurgical process required to produce PGM concentrates from chromite tailings feedstock is similar to that employed by the platinum producers. The treatment process will entail upfront milling, followed by a rougher flotation stage and two stages of cleaning, to produce a concentrate for forward selling to a platinum smelter.

Metallurgical testwork was conducted on material from Elandskraal and Buffelsfontein, which was used to develop the conventional flotation circuit of the CTRP. Main stream bead milling and concentrate regrinding were also recommended.

The metallurgical testwork was redefined into a competent person's report (CPR) compiled by Metallicon Process Consulting (Pty) Limited (Metallicon) and used as the basis for the process flow and design criteria.

Reviewing the supplied process design criteria in conjunction with; metallurgical testwork, CPR, block flow diagrams, mass balance and process flow diagrams, it can be concluded that there are no "fatal flaws" in the information reviewed and that the process design selected is appropriate.

The engineering and estimate basis used in designing the CTRP shows that fundamental principles have been used, it is therefore concluded that there are no "fatal flaws" in the information reviewed.

Certain recommendations have been made pertaining to the process and engineering designs and costing.

The installed capital expenditure (capex) of ZAR96.0m as per Matomo Projects (Pty) Limited's (Matomo) lump sum turnkey (LSTK) systems proposal (Ref. No. 1579/002/17) seems "fair", with an upper potential of ZAR99.3m. The following is noted:-

- the result from the geotechnical assessment was not available during the costing of the CTRP by Matomo. A detail geotechnical report was compiled by Geostrategies (Ref. No. 10189), which should be used by Matomo to re-cost and offers the CTRP;
- the various discipline percentages of the total project cost appear to be within industry acceptable standards; and
- the current recommended client contingency allowances are considered sufficient and should be retained.

xi. Tailings Disposal Facility

African Innovative Solutions and Projects cc (AISP) submitted a proposal to PAR for the design of a new TDF (the New TDF) adjacent to the existing TDFs at the Lesedi Mine (the Existing TDFs).

AISP's proposal was reviewed by Stefanutti Stocks Mining Services (SSMS) and concludes as follows:-

- although the site can be engineered to suit the stipulated requirements, SSMS are of the opinion that the best solution to this deposition management plan would be to construct a completely new TDF that will be able to accommodate the required tonnage at an acceptable rate of rise over the projected life;
- SSMS appreciate the fact that a short term solution is required and that it will not be possible to get an entirely new TDF operational within the stipulated timelines; and
- SSMS therefore recommend two alternative deposition solutions to the AISP proposal which will result in a more acceptable rate of rise than AISP's indicated 10m/yr. Venmyn supports the recommended alternatives as referenced in SSMS' design review as:-
 - Deposition Scenario 3, if sufficient space is available at the CTRP to stockpile all the material from the Existing TDFs' Compartments 2 and 3; alternatively
 - Deposition Scenario 2, should space not be available at the CTRP to stockpile material from both Compartments 2 and 3. In this Scenario, it is recommended to perform a detailed design process to establish the most suitable deposition management plan and to validate implementation.

xii. Risk Assessment

A hazard and operability (HAZOP) study was facilitated by independent risk consultants; Professional Process Consultants (PPC).

A total of 129 Potential, unclassified, Risks (i.e. very high, high, medium, low or very low) were identified. Where Preventative Control Measures existed as mitigating factors, these were documented as "Safeguards Already Provided". Corrective Control Measures were documented as "Recommendations or Actions", together with a responsible person.

From experience with similar projects, Venmyn does not believe the overall project risk of the CTRP will be intolerably High or Very High. However, the overall project risk is unknown and not stated in the Professional Process Consultants' Report.

xiii. Valuation

The capex for the CTRP is based on a fixed LSTK proposal by Matomo and amounts to ZAR99,530,910 including contingencies and reserves. An estimate of ZAR1,512,000 has been made for Owner's vehicle and other equipment. An allowance of ZAR2,618,734 has been made for site establishment of the third party contractor, operating the CTRP.

Taking all the above into consideration, the total capex allowance for the CTRP is ZAR103,662m, excluding ZAR80m for IFM's 25% NPI.

The total capex including contingencies and reserves seems "fair" in relation to similar type and size operations.

The opex estimate for the CTRP was based on a third party contractor, operating the CTRP. The total estimated over the life of the operation was ZAR2,742/oz (excluding smelter costs) and ZAR5,475/oz including smelter costs.

The estimated opex seems low, when compared with similar other tailings operations in South Africa, at an average of ZAR3,803.75/oz.

Having successfully completed a DFS, for which economic viability has been demonstrated, the CTRP can be classified in terms of the SAMVAL Code as a Development Property. Consequently, the cash flow valuation approach was used to value the Project.

A DCF model was constructed, based on the "value in use" principle, using cash flow projections based on future production, recoveries, sales and expenses over the life of operation.

The "fair" value for the CTRP was based on the net present value (NPV), applying a 12% real discount rate, to the post-tax un-escalated cash flows. The upper and lower value range was determined, using varying discount rates, as well as sensitivities on revenue, capex and operating expenditure (opex).

Using the cash flow approach, Venmyn determined a "fair" (attributable) value for the Project of ZAR241.467m, with an upper and lower limit range of ZAR301.253m and ZAR186.541m, respectively.

xiv. Execution

The overall schedule for the Phoenix project, commencing in August 2010 with the procurement of the long lead items and process engineering and completion of cold (water) commissioning, at the end of August 2011, is estimated to have an overall duration of 12 months, including a 3 week Christmas break.

Venmyn compared this schedule to that of similar projects of the same type and size and found the schedule acceptable.

xv. Concluding Opinion

Venmyn is of the opinion that the Project is a geologically and technically sound proposition with a good resource base, comprising of simple, uncomplicated mining and processing requirements.

Venmyn reviewed all the supplied information and is reasonably assured that these reports are based on acceptable industry practice within SA and represents the CTRP, having made due enquiry.

Reviewing the supplied process design criteria in conjunction with; metallurgical testwork, CPR, block flow diagrams, mass balance and process flow diagrams, it can be concluded that there are no "fatal flaws" in the information reviewed and that the process design selected is appropriate.

The engineering and estimate basis used in designing the CTRP shows that fundamental principles have been used, it is therefore concluded that there are no "fatal flaws" in the information reviewed.

Over a 20 year life of operation the Project is expected to produce 212koz of PGMs.

The installed capex of ZAR96.0m as per Matom's LSTK proposal (Ref. No. 1579/002/17) seems "fair", with an upper potential of ZAR99.3m. However, the result from the geotechnical assessment was not available during the costing of the CTRP by Matomo. A detail geotechnical report was compiled by Geostrategies (Ref. No. 10189), which should be used by Matomo to re-cost and offers the CTRP.

SSMS recommend two alternative deposition solutions to the AISP proposal which will result in a more acceptable rate of rise than AISP's indicated 10m/yr. Venmyn supports the recommended alternatives.

Venmyn is unaware of any legal proceedings or negative statement that might influence the right by Phoenix to recover PGM from the old tailings and current arisings. However, the construction of the CTRP at the Lesedi Mine is subject to concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and NPI Agreement.

The execution schedule is achievable, with capex and opex estimates aligned with similar type and size plants.

From experience with similar projects, Venmyn does not believe the overall project risk of the CTRP will be intolerably High or Very High. However, the overall project risk is unknown and not stated in the Professional Process Consultants' Report.

The capex for the CTRP is based on a fixed LSTK proposal and amounts to ZAR99,530,910 including contingencies and reserves. An estimate of ZAR1,512,000 has been made for Owner's vehicle and other equipment. An allowance of ZAR2,618,734 has been made for site establishment of the third party contractor, operating the CTRP.

Taking all the above into consideration, the total capex allowance for the CTRP is ZAR103,662m, excluding ZAR80m for IFM's 25% NPI.

The total capex including contingencies and reserves seems "fair" in relation to similar type and size operations.

The opex estimate for the CTRP was based on a third party contractor, operating the CTRP. The total estimated over the life of the operation was ZAR2,742/oz (excluding smelter costs) and ZAR5,475/oz including smelter costs.

The estimated opex seems low, when compared with similar other tailings operations in South Africa, at an average of ZAR3,803.75/oz.

Having successfully completed a DFS, for which economic viability has been demonstrated, the CTRP can be classified in terms of the SAMVAL Code as a Development Property. Consequently, the cash flow valuation approach was used to value the Project. Venmyn determined a "fair" (attributable) value for the Project of ZAR241.467m, with an upper and lower limit range of ZAR301.253m and ZAR186.541m, respectively.

Venmyn is confident that Phoenix's experienced management and technical team will be positioned in the near future to become an independent low cost PGM producer.

Venmyn has completed their Mandate in full, with no outstanding work required.

The Mineral Resources and Mineral Reserve estimates are SAMCode compliant, and no other reporting codes other than the SAMCode have been used.

DISCLAIMER AND RISKS

This Review Report has been independently prepared by Venmyn. In the preparation of the Report, Venmyn has utilised information relating to operational methods and expectations provided to them by PAR, Phoenix, their Subsidiaries as well as their Specialist Consultants. Where possible, Venmyn has verified this information from independent sources after making due enquiry of all material issues that are required in order to comply with the SAMCode and the JSE Listings Requirements. Venmyn has utilised information from the public domain, which, whilst it could not be verified, is considered to be from reliable sources. Venmyn and its Directors accept no liability for any losses arising from reliance upon the information presented in this Report.

OPERATIONAL RISKS

The business of mining and mineral exploration, development and production by their nature contain operational risks. The business depends upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

POLITICAL AND ECONOMIC RISK

Factors such as political and industrial disruption, currency fluctuation, commodity prices and interest rates could have an impact on future operations and potential revenue streams of the proposed CTRP. The majority of these factors are, and will be, beyond the control of PAR, Phoenix or any other operating entity.

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2 General

2.1 Introduction and Purpose of Report

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The Directors of PAR requested Venmyn Rand (Pty) Limited (Venmyn) to complete an independent techno-economic review of the Phoenix CTRP (the Review). Venmyn was appointed as PAR's Independent Reviewer in an engagement letter in the form of a Venmyn Mandate (Ref. No. D805M) dated 22nd April 2010.

The Review scope of work (SOW) included:-

- review fairness of key inputs and assumptions; and
- identification of "fatal flaws" or risks pertaining to:-
 - metallurgical testwork, process plant and associated infrastructure design and costing; and
 - tailings disposal facility (TDF) design and costing.

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The Exclusivity Agreement allows for the establishment of the CTRP on IFM's Lesedi Mine (the IFM Property or the Lesedi Mine), with significant savings to the execution schedule and capital cost, compared to the establishment of the CTRP at the Phoenix Property.

Over a 20 year life of operation the Project is expected to produce 212koz of PGMs. The Phoenix CTRP has a planned tailings treatment capacity of 240ktpa. The total capital cost requirement to construct and commission the CTRP at the Lesedi Mine is estimated at ZAR103.662m, at an average projected cost (excluding smelter costs) over the life of the operation of ZAR2,742/oz and ZAR5,475/oz including smelter costs.

2.2 Scope of Opinion and Reliance on Other Experts

In the execution of our Mandate, Venmyn undertook a technical and economic review of the proposed CTRP, in order to identify all the factors of both a technical and economic nature which could impact the future viability. Venmyn also considered the strategic merits of the CTRP and defined the review outcomes on an open and transparent basis.

A site visit to the different Mineral Resources (Buffelsfontein Tailings Dams, the Elanskraal Dumps and Pits and the Kroondal Dump) and the proposed location of the CTRP at the Lesedi Mine, was undertaken by representatives of the Review Team on 30th April 2010.

This Report has been prepared for Phoenix in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code) and the South African Code for the Reporting of Mineral Asset Valuation (the SAMVAL Code), collectively referred to as the SAMCode, issued by the Southern African Institute of Mining and Metallurgy (SAIMM) and the Geological Society of South Africa (GSSA), under whose geographical jurisdiction the mineral resources fall.

The guidelines are considered by Venmyn to be a concise recognition of the best practice due diligence methods and accord with the principles of open and transparent disclosure that are embodied in internationally accepted Codes for corporate governance.

This Report has been compiled in order to incorporate all available and material information as of 1st August 2010, which will enable readers to make a reasoned and balanced judgement regarding the economic merits of the proposed CTRP.

In accordance with Clause 3.1.1 and Clause 4.8.6 of the Exclusivity Agreement, IFM shall permit Phoenix to dispose of any treated tailings through the CTRP at the Lesedi Mine in accordance with IFM's existing environmental management plan (EMP), provided that IFM shall not thereby incur any increased environmental obligations and/or be in breach of any applicable health and safety laws. Consequently, Venmyn's Mandate excluded the environmental and social review of the Project.

Although the Exclusivity Agreement does not specifically allow for the provision of services i.e. bulk power, water and other, to the CTRP, the intention of Clause 3.1.2 was to obtain the required services from IFM at agreed terms and conditions to be concluded in a subsequent CTRP Agreement, provided for in Clause 4 of the Exclusivity Agreement. Consequently, Venmyn's Mandate excluded the review of associated infrastructure and services required for the CTRP.

The feed to the CTRP will be old tailings and current arisings. The current arisings will originate from the normal course of mining operation conducted at the Lesedi Mine (the Lesedi Tailings). The mined material will be processed through the chrome beneficiation plant operated by IFM. The tailings from the IFM chrome plant will be processed through the CTRP for PGM recovery. The current arising feed to the CTRP thus constitutes a slurry, piped, to the CTRP, thus not requiring any mining on behalf of Phoenix.

The dump and pit material will be recovered by mechanical loading by excavator, followed by hauling by articulated dump trucks to the CTRP, which constitute very basic "mining" required by Phoenix.

Due to the above two factors, the DFS excluded the review of the mining method, mine design or mine plan, as it is foreseen that contract "mining" comprising of loading and hauling will be used.

The Review excluded any related issues pertaining to the Sky Chrome Project, a "blue sky" chrome mining operation adjacent to the IFM Mine, which Sky Chrome Mining (Pty) Limited intends mining.

In performing the review, Venmyn made use of the Specialist Consultants as outlined in Table 1. Venmyn relied on their specialist inputs and sign-off to complete the review. All Specialist Consultants are bankable in their own right.

Table 1: Venmyn Specialist Consultants Used

COMPANY	RESPONSIBILITY
Epoch Resources (Pty) Limited (Epoch)	Design and costing of the TDF.
RSV MISYM Engineering Services t/a K'Enyuka	Concentrator plant and associated infrastructure design, metallurgical testwork and costing.

Venmyn has relied upon the independent opinion of the experts, competent persons and Specialist Consultants (the Review Team), to the extent and in the context as outlined in Table 2.

Table 2 : Credentials of Competent Persons

COMPETENT PERSON	COMPANY	QUALIFICATIONS	ASSOCIATIONS	REGISTRATION NO.	RESPONSIBILITY
Derick de Wit	Venmyn	B.Tech. (Chem. Eng), M.A.P (WBS)	ECSA (Pr Tech Eng)	200870196	Overall Project Manager
			MSAIMM	704185	
			MAusIMM	301519	
Carol Taylor	Venmyn	B.Sc.Hons (Geol)	Pr Sci Nat	400334/07	Mineral Resource Estimation
			MGSSA	-	
			MGASA	-	
Siphiwe Langa	K'Enyuka	B.Sc. (Mech.Eng)	ECSA (Pr Eng)	20060304	Mechanical
			MSAIMECHe	300832	
Mathews Maponopono		B.Tech. (Chem. Eng)	ECSA (Pr Tech Eng)	200670189	Metallurgical and Process
			MSAIMM	703410	
Andrew Dick		M.Sc (Elec) B.Eng (E) G.C.C. B.Com (Bus Man)	ECSA (Pr Eng)	20100010	Electrical
Alan Chinery		BSc Eng (Rand)(Civil)	ECSA(Pr Eng);	690309	Civil and Structural
	MSAICE		8428		
Guy Wiid	Epoch	M.Sc Eng (Civil)	ECSA (Pr Eng)	940269	TDF

The Review was based upon technical and financial information supplied by PAR, Phoenix, their subsidiaries, Specialist Consultants, historical and current records and public domain information. Venmyn reviewed all the supplied information and is reasonably assured that these reports are based on acceptable industry practice within SA and represents the CTRP, having made due enquiry. Venmyn derived at our conclusions and recommendations, based on information provided.

Venmyn has completed their Mandate in full, with no outstanding work.

The effective date of the Review is 1st August 2010.

In compiling the Review Report, Venmyn made use of information as outlined in the Reference Section and relied on the documentation outlined in Table 3, for which written consent were obtained from all the authors.

Table 3 : Source Documentation

DOCUMENT NAME	COMPILED BY	COMPANY	DATED
Process Design Review for a 20ktpm Chromite Tailings Retreatment Plant	M Maponopono	K'Enyuka	03/06/2010
Engineering and Cost Review of 20ktpm Chromite Tailings Retreatment Plant	S Langa	K'Enyuka	24/08/2010
Pan African Resources / IFM Temporary Tailings Storage Facility & Return Water Dam – Design Review and Proposal	N Scheepers	Stefanutti Stocks	06/09/2010
Review of Phoenix Plant Test Work Results and Design CPR	E Nel	ENC Minerals	11/02/2010
Note for the Record (01-2010/04/28) Phoenix Process Design Review	E Nel	ENC Minerals	28/04/2010
Note for the Record (02-2010/04/28) Phoenix Process Design Review	E Nel	ENC Minerals	29/04/2010
Note for the Record (03-2010/05/04) Phoenix Process Design Review	E Nel	ENC Minerals	04/05/2010
Reserve Calculation – Phoenix PGM Plant	E Nel	ENC Minerals	06/10/2010
Technical Note Comments on ENC Minerals Report PAN001/001 Review of Phoenix Plant Test Work Results and Design	E Kirby	-	24/03/2010

Neither Venmyn, its staff, the Specialist Consultants, the Review Team have or have had any interest in PAR, Phoenix, their Subsidiaries, or the CTRP, capable of affecting their ability to give an unbiased opinion, and have not, and will not, receive any pecuniary or other benefits in connection with this assignment, other than normal consulting fees.

Phoenix has warranted that it has provided all material information to Venmyn, which, to the best of its knowledge and understanding, is complete, accurate and true.

3 Background

PAR acquired 100% of Phoenix from Metorex Limited (Metorex) on 21st May 2009 with the aim to focus exploration and development efforts on becoming an independent low cost PGM producer from chrome tailings.

Phoenix has a growing pipeline of high quality projects, of which the CTRP will be the company's first Production Property.

The concept of recovering the PGMs from tailings was pioneered by Phoenix through an antecedent company GB Mining (Pty) Limited, that together with Aquarius Platinum (SA) (Pty) Limited built the RK1 flotation plant.

Phoenix plans to recover PGMs from the Buffelsfontein Tailings Dams and Current Arisings from the Lesedi Mine, old tailings from the Elanskraal Dumps and Pits and old tailings from the Kroondal Dump. The tailings and current arisings are covered through various agreements to be the feed source to the CTRP.

4 Corporate Structure

Phoenix is a wholly owned subsidiary of PAR as outlined in Figure 1.

5 Location

The Exclusivity Agreement allows for the establishment of the CTRP on the Lesedi Mine consisting of: Portions (Pt) 20, 21, 22, 23, 24, 104, Remaining Extent (RE) 11, RE 10 and RE 12 of the farm Buffelsfontein 465JQ, located some 15km northeast of the town Moinooi in the North West Province of SA.

Phoenix purchased the surface land in respect of the Phoenix Property, measuring some 75ha, from National Copper Company (Pty) Limited as an alternative site for erecting the CTRP and establishing the TDF should the IFM negotiations be unsuccessful.

The feed source to the CTRP will be:-

- tailings material from the Buffelsfontein Tailings Dams, located at the Lesedi Mine;
- current arising from the Lesedi Mine;
- old tailings from the Elandskraal Dumps and Pits, located on the farm Elandskraal 469JQ; and
- old tailings from the Kroondal dump, located on the farm Kroondal 304JQ.

Figure 2 present all the above properties as located in the North West Province of SA.

6 Legal Aspects

Venmyn has reviewed the legal title documentation and, whilst this does not constitute a legal opinion, Venmyn have satisfied themselves that the information presented in this section is materially correct, and the conditions of the Exclusivity Agreement is acceptable.

Venmyn is unaware of any legal proceedings that might influence the right by Phoenix to recover PGM from the old tailings and current arisings. However, the construction of the CTRP at the Lesedi Mine is subject to concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and the NPI Agreement.

The respective legal aspects and Mineral Rights for the different Phoenix properties are discussed below.

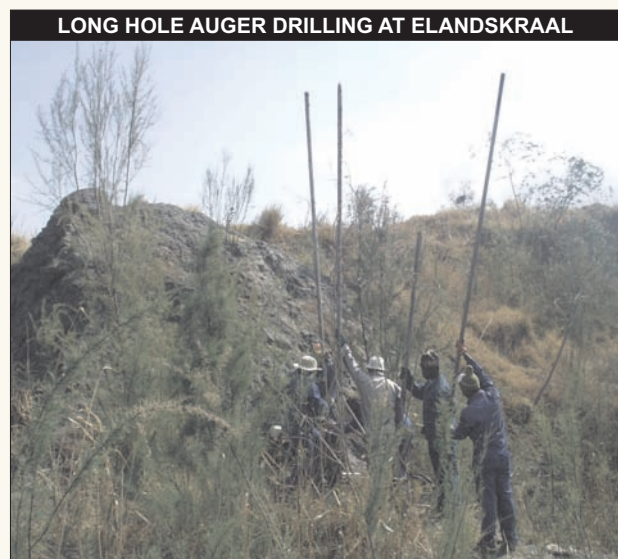
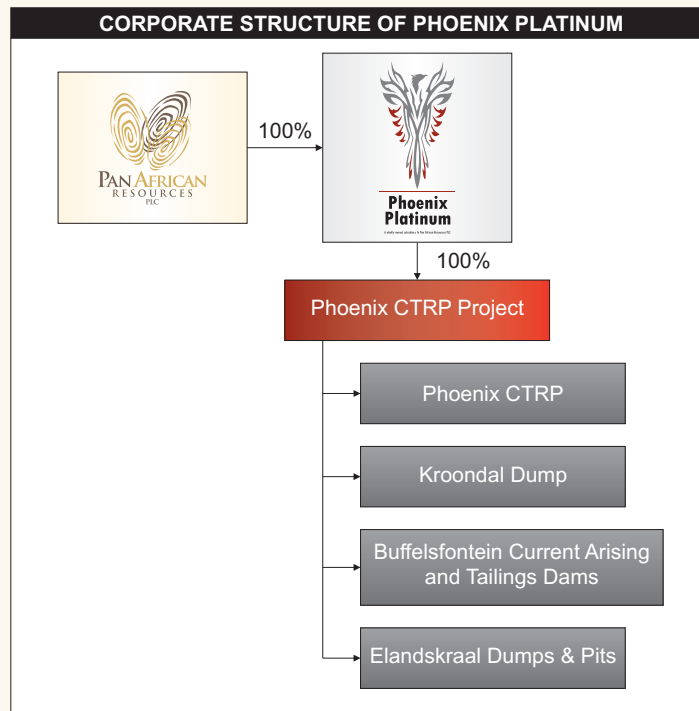
6.1 Exclusivity Agreement

The Exclusivity Agreement allows for Phoenix and IFM to negotiate exclusively with each other for a period of twelve months from the Effective Date (i.e. 18th February 2010) to resolve numerous technical, legal and operational issues and affords the teams from the respective Parties the opportunity to resolve all of the issues which will then be included in formal CRTTP and NPI Agreements.

The CRTTP Agreement is envisaged to outline the agreed terms and conditions required to:-

- construct the CTRP and associated infrastructure at the Lesedi Mine;

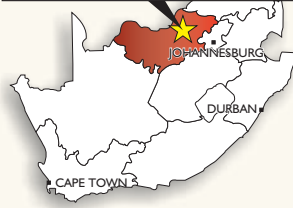
CORPORATE STRUCTURE OF PHOENIX PLATINUM



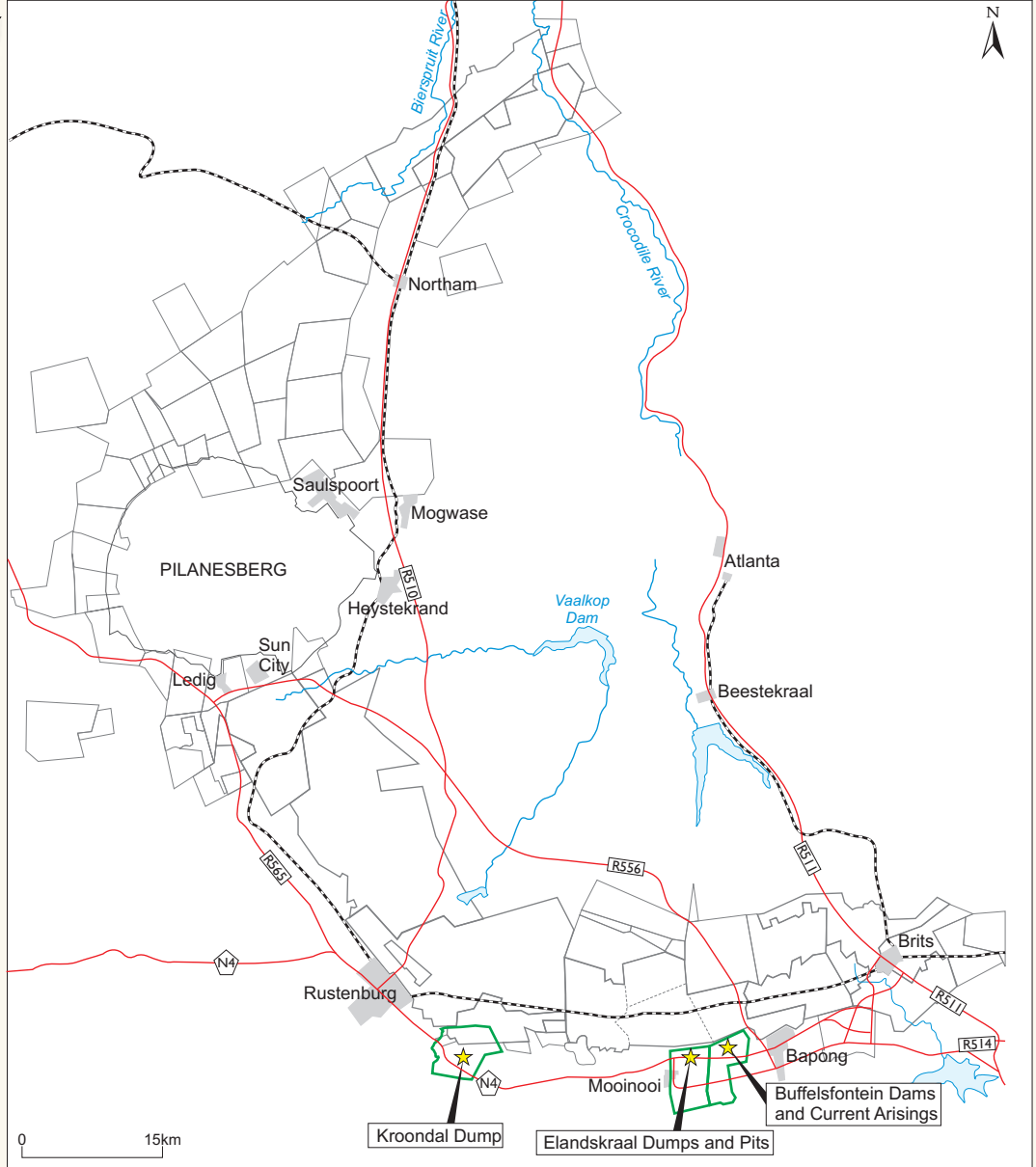
Phoenix Platinum

LOCALITY OF THE PHOENIX ASSETS

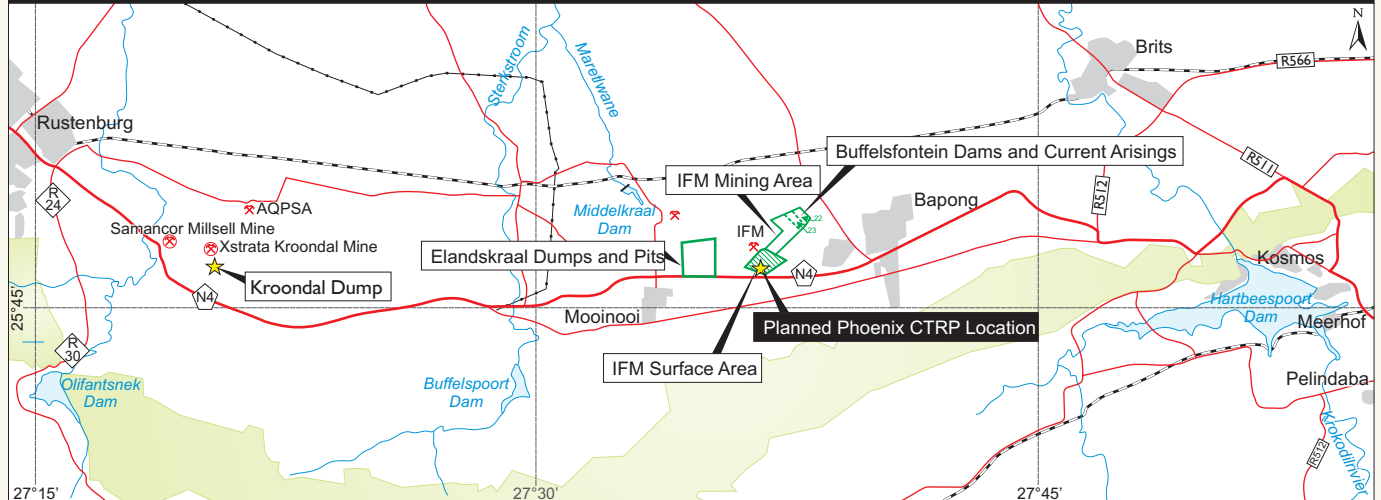
PHOENIX PLATINUM PROJECT



LOCALITY OF THE PHOENIX ASSETS WITHIN THE WESTERN LIMB OF THE BC



LOCALITY OF THE PHOENIX ASSETS



- provide access and the required services (bulk power and water) by Lesedi Mine to the CTRP; and
- other technical, legal and operational issues.

The above is currently being finalised by the Parties to the Exclusivity Agreement and has not been reviewed by Venmyn.

The Exclusivity Period may be extended by a further six months by mutual agreement. A non-refundable exclusivity fee of ZAR2.0m cash was paid by Phoenix to IFM on the effective date.

The Exclusivity Agreement also stipulates the terms under which Phoenix may acquire IFM's 25% NPI and fixes the total consideration for the CTRP site location and acquisition of the NPI at ZAR80m.

6.2 Mineral Rights

The respective Mineral Rights for the different Phoenix properties are outlined in Table 4.

Table 4 : Legal Aspects and Tenure

PROJECT	FARM	PTNS/RE	RIGHT		DATE		SIZE (ha)	HOLDING COMPANY	MINERALS
			TYPE	NUMBER	START	EXPIRY			
Buffelsfontein Tailings Dams and Current Arisings ²	Buffelsfontein 465JQ	Ptn 11 constituted by Ptns 20,21,22,23, 24, 104.Re Ptn 1	Mining License (Conversion lodged 10/05/2006)	ML88/2003	22/12/03	21/12/2022	328.908	IFM	Chrome and PGMs
		Ptn 12					82.2270		
Elandskraal Dumps and Pits ³	Elandskraal 469JQ	A Ptn of Ptn 155	Notarial Lease Agreement	N/a as Dumps are pre new order Mining Right	30/5/07	Initial period of 8 yrs Renewable for 3 periods of 5 years after initial 8 year period	88.8491 (Mining Area)	Minco	Chrome and PGMs
			Akte van Transport T31466/1965						
Kroondal Dump ¹	Kroondal 304JQ	Ptns of Ptns 92, 93 and 102	Original Mining Permit	MP 82/2002	15/10/02	29/9/04	9.4400	Phoenix through cession from GB Mining	PGMs
			Movable Asset	Protocol 74/2001 Purchased PGM rights from the Land owners	7/09/01				

1 Xstrata Chrome own the Chrome content in the dump.

2 Phoenix has an Agreement (Protocol 22/2007 dated 15 November 2007) with IFM for the supply of the retained PGM Rights to process residue produced from the IFM Mining Area.

3 Phoenix has an Agreement (dated 27 August 2008) with Minco to process tailings from tailings dumps on the Mining Area.

All the above properties are located in the North West Province of SA.

6.3 Regulatory Approvals

Constructing the CTRP at the Phoenix Property, as was originally envisaged, would require onerous and time consuming regulatory and legislative approvals pertaining to:-

- environmental authorisation under the National Environmental Management Act (NEMA) (Act 107 of 1998);
- water use licensing in terms of Section 22 of the National Water Act (NWA) (Act 36 of 1998);
- integrated waste and water use licence (IWWUL) from the department of water affairs and forestry (DWAF) in terms of the National Water Act, 36 of 1998;
- Mining Right Application (MRA) in accordance with Section 22 of the MPRDA, including a social and labour plan (SLP);

- completion of an environmental impact assessment (EIA) in accordance with the requirements of NEMA; and
- completion of an EMP report (EMPR) as part of the MRA, in accordance with the requirements of the MPRDA.

In addition to the above, should the CTRP be constructed at the Phoenix Property, the supply of bulk power and water would have to be sourced directly from Eskom and the Rand Water Board, respectively. The aforesaid would be costly and time consuming, since their supply would be via a new route and new, specific, supply agreements will have to be negotiated.

Due to the aforesaid, IFM was approached to locate the Phoenix CTRP at the Lesedi Mine, having the following benefits and synergies:-

- the CTRP will “piggy-back” on IFM’s regulatory and legislative requirements; and
- capital and time related saving due to utilisation of the following existing infrastructure from and supplied by the Lesedi Mine:-
 - bulk power and water;
 - TDF;
 - security;
 - access roads; and
 - shared engineering services.

Constructing the CTRP under the regulatory and legislative requirements of the Lesedi Mine, will be subject to:-

- concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and NPI Agreement;
- IFM obtaining the necessary approvals where required; and
- IFM not incurring any increased obligations or be in breach of any regulations.

7 Regional and Local Geological Setting and Mineralisation

7.1 Background

The feed to the CTRP is material from tailings dams and dumps and current arisings.

7.1.1 Tailings Dams and Dumps

The tailings dams and dumps material is -1mm, stored above surface, discarded material, generated following a metallurgical beneficiation process. Tailings dams material is a slurry, with a moisture content of >20%, compared to dump material that can be courser than tailings material, is dry, having a moisture content of <10%. Consequently, geological uncertainty and real risk of tailings dams and dump material to the Project is negligible.

7.1.2 Current Arisings

Current arisings are tailings material generated following the beneficiation of ores extracted from mining at the Lesedi Mine. Consequently, the feed to the CTRP from current arisings will be a pipe transporting a slurry waste stream, containing chrome tailings from the Lesedi Mine process plant, which in the absence of the CTRP, would have been fed directly to the TDF. Instead, the CTRP recovers any PGMs, and return the gangue material for disposal to the TDF.

With regards to current arisings, the CTRP is atypical of a resources sector project in that, by its very nature, it relies on the production from a mineral asset which is under the jurisdiction of another entity, i.e. the Lesedi Mine. Consequently, geological uncertainty and real risk feeding current arisings to the Project is negligible.

The Geology and Mineralogy of the Bushveld Complex (BC) is very well documented and understood, and due to the CTRP's feed arrangement, poses no real risk to the Project.

8 Mineral Resources and Reserve Estimation

8.1 Introduction

Metallicon Process Consulting (Pty) Limited (Metallicon) was tasked with developing the metallurgical process and a Mineral Resource estimate in the form of a competent person's report (CPR) entitled: "Competent Persons Report: The Phoenix Project Resource", by M Valenta and N Pretorius, dated 5th August 2010. Metallicon used the results of the drilling campaign and the historic information available on the Kroondal Dump.

8.2 Mineral Resource Estimation

The Mineral Resource estimate has been compiled in accordance with the SAMREC Code. The verification and validation of the data was managed by Mr. Martin Bevelander, Group Consulting Geologist for PAR, who is accredited with the South African Council for Natural Scientific Professions (SACNASP).

The services of the following independent contractors, consultants and experts were secured to assist and support the Mineral Resource estimation:-

- sampling and drilling was performed by independent contractors Plat-Tau Mining Services, Gold Mine Sand and Slime Dams Drillers CC and Dump and Dune Drillers (Pty) Limited;
- assaying, mineralogy and metallurgical testwork was performed by independent certified laboratories Mintek Analytical Services Division (Mintek) and SGS South Africa (Pty) Limited (SGS);
- geological modelling and data conversion for the Mineral Resources was performed by GeoLogix, a South African Resources and Geological Consultancy. Mr. Deon van den Heever is accredited with SACNASP;
- managing of metallurgical testwork and compilation of a CPR was performed by Metallicon. Mr. Michael Valenta is a Professional Engineer registered with the Engineering Council of SA and on the International Register of Professional Engineers as specified under the Washington Accord; and
- process design criteria, opex and assistance with interpretation of metallurgical testwork by Mr. Eugene Nel from ENC Minerals (Pty) Limited (ENCM).

Venmyn reviewed the geological model and SAMCode compliant Mineral Resource estimate as presented in Table 5, Table 6 and Table 7 and found them to accurately present the orebody.

Table 5 : Surface Tailings Mineral Resource Estimate

CATEGORY	VOLUME	TONNES	GRADE (4E) g/t*	KILOS*	OUNCES*
Measured	775,000	1,627,000	2.54	4,130	133,000
Indicated	83,000	175,000	2.03	355	11,000
Inferred	77,000	162,000	2.00	324	10,000
Total	935,000	1,964,000	2.45	4,809	155,000

Table 6 : Current Arisings Mineral Resource Estimate

CATEGORY	VOLUME	TONNES	GRADE (4E) g/t*	KILOS*	OUNCES*
Measured	761,000	1,597,000	3.66	5,845	188,000
Indicated	211,000	443,000	3.66	1,622	52,000
Inferred	305,000	642,000	3.66	2,348	75,000
Total	1,277,000	2,682,000	3.66	9,815	316,000

Table 7 : Total Mineral Resource Estimate (Surface Tailings and Current Arisings)

CATEGORY	VOLUME	TONNES	GRADE (4E) g/t*	KILOS*	OUNCES*
Measured	1,536,000	3,224,000	3.09	9,975	321,000
Indicated	294,000	618,000	3.20	1,977	63,000
Inferred	382,000	804,000	3.32	2,672	85,000
Total	2,212,000	4,646,000	3.15	14,624	470,000

8.3 Mineral Reserve Estimation

ENCM was requested to convert the CTRP's Mineral Resources to a SAMREC Code compliant Mineral Reserve, in a document entitled: "Reserve Calculation – Phoenix PGM Plant", by E Nel, dated 6th October 2010.

For the Mineral Resource conversion, ENCM based their calculations on results of testwork performed during the design phase of the CTRP. Testwork was performed on composite samples, covering the entire orebody. The testwork results were compared with operating results achieved at other similar operations in order to validate the recovery values. Based on this, ENCM selected an overall average recovery of 45% for the proposed CTRP design.

Table 8 presents the Mineral Resource and Mineral Reserve estimates for the CTRP per resource area.

Table 8 : Total Phoenix Mineral Resource and Reserve Estimate per Project

PROJECT	RESOURCE CATEGORY	MASS (kt)	4E METAL GRADE (g/t)	MINERAL RESOURCES		RECOVERY (%)	MINERAL RESERVES	
				4E METAL (kg)	4E METAL (oz)		4E METAL (kg)	4E METAL (oz)
Surface Tailings								
Buffelsfontein Tailings Dams	Measured	218	3.66	797	26,000	45%	359	12,000
	Indicated	-	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-	-
	Total	218	3.66	797	26,000	45%	359	12,000
Elandsdraal Dumps and Pits	Measured	1,149	2.45	2,813	90,000	45%	1,266	41,000
	Indicated	145	2.03	295	9,000	45%	133	4,000
	Inferred	42	2.00	84	3,000	45%	38	1,000
	Total	1,336	2.39	3,192	103,000	45%	1,436	46,000
Kroondal Dumps	Measured	260	2.00	520	17,000	45%	234	8,000
	Indicated	30	2.00	60	2,000	45%	27	1,000
	Inferred	120	2.00	240	8,000	45%	108	3,000
	Total	410	2.00	820	26,000	45%	369	12,000
Total Surface Tailings		1,964	2.45	4,809	155,000	45%	2,164	70,000
Current Arisings								
Buffelsfontein Current Arisings	Measured	1,597	3.66	5,845	188,000	45%	2,630	85,000
	Indicated	443	3.66	1,622	52,000	45%	730	23,000
	Inferred	642	3.66	2,348	75,000	45%	1,057	34,000
	Total	2,682	3.66	9,815	316,000	45%	4,417	142,000
Grand Total (Surface Tailings plus Current Arisings)								
Surface Tailings plus Current Arisings	Measured	3,224	3.09	9,975	321,000	45%	4,489	144,000
	Indicated	618	3.20	1,977	63,000	45%	890	29,000
	Inferred	804	3.32	2,672	85,000	45%	1,202	39,000
	Total	4,646	3.15	14,624	470,000	45%	6,581	212,000

Estimates of Mineral Resource and Mineral Reserve are not precise calculations and errors may occur due to rounding.

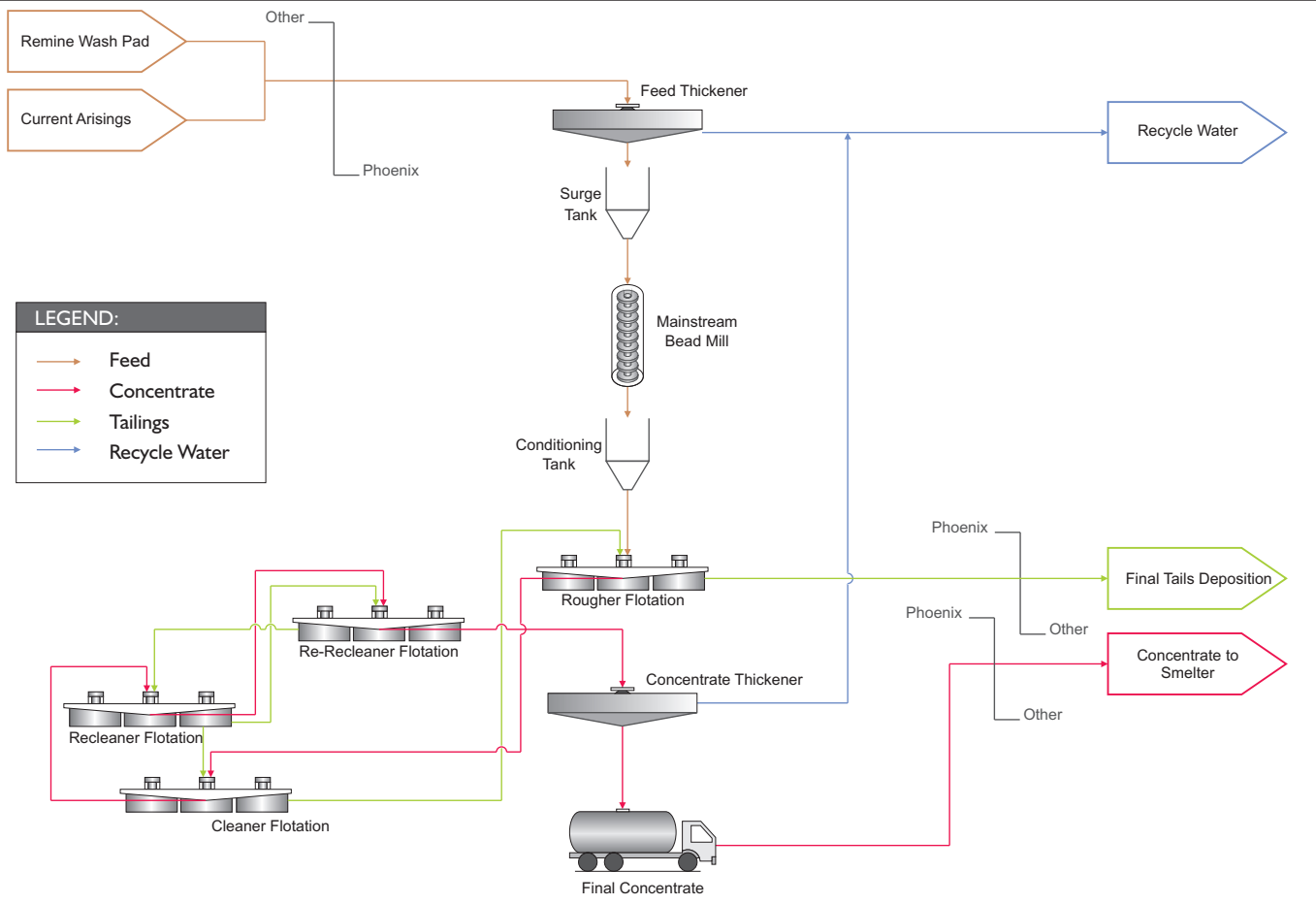
9 Concentrator Plant

9.1 Process Flow

The metallurgical process required to produce PGM concentrates from chromite tailings feedstock is similar to that employed by the platinum producers. As outlined in Figure 3, the treatment process will entail upfront milling, followed by a rougher flotation stage and two stages of cleaning, to produce a concentrate for forward selling to a platinum smelter.

THE PHOENIX CTRP BLOCK FLOW DIAGRAM AND 3D MODEL

THE PHOENIX CTRP BLOCK FLOW DIAGRAM



THE PHOENIX CTRP 3D MODEL



Metallurgical testwork was conducted on material from Elandskraal and Buffelsfontein, which was used to develop the conventional flotation circuit of the CTRP, consisting of rougher flotation and three stages of cleaning (with the last stage being optional). Main stream bead milling and concentrate regrinding were also recommended.

The metallurgical testwork was redefined into a CPR compiled by Metallicon and used as the basis for the process flow and design criteria.

9.2 Metallurgical Testwork

The metallurgical testwork used to develop the process flow sheet and Mineral Resource estimation was conducted at Mintek (facility accreditation No. IS T0042) and SGS (facility accreditation No. IS T0169) during 2009. The aim of the metallurgical testwork was to investigate the grades and recoveries achievable on material from the Buffelsfontein and Elandskraal.

For process development, only material from Buffelsfontein (specifically Dam No. 3), believed to be most representative of the IFM material and due to the selected close drilling spacing was used, and a composite sample of the Elandskraal Pit 2,3 and 4 graded at 2.74g/t.

Previous work on a grab sample had indicated that at best the PGM recovery to a flotation concentrate would only be 55%.

From the locked cycle and open circuit testwork conducted on the Buffelsfontein material, Mintek concluded the possible design conditions for the concentrator plant as:-

- mill feed from 75% -75µm to 85% -50µm using a stirred media mill;
- a slurry feed density of 20%;
- rougher residence time of 30 minutes; and
- open circuit of cleaner tails.

Although Mintek conducted only one multistage cleaning test on material from Elandskraal, using conditions derived from the Buffelsfontein testwork, it indicated that a product with a grade of 100g/t at a 30% recovery is achievable.

From locked cycle testwork the predicted recovery from Elandskraal material was 34% at a grade of 83g/t, which rose to 48g/t on increased flotation residence times.

The Mintek report outlines a significant amount of testwork to quantify process requirements and plant design parameters which supports the selected process flow of the CTRP.

9.3 Process Design, Engineering and Costing

The review of the metallurgical testwork as well as the engineering design and costing of the concentrator plant was performed by K'Enyuka and based on the following documents:-

- "Process Design Review for 20ktpm Chromite Tailings Treatment Plant", dated 3rd June 2010, by M Maponopono; and
- "Engineering and Cost Review of 20ktpm Chromite Tailings Retreatment Plant", dated 24th August 2010, by S Langa.

9.3.1 Process Design Review

Reviewing the supplied process design criteria in conjunction with; metallurgical testwork, CPR, block flow diagrams, mass balance and process flow diagrams, it can be concluded that there are no "fatal flaws" in the information reviewed and that the process design selected is appropriate and has been developed from the metallurgical testwork, as well as applying knowledge and experience by PAR's consultants.

However, the following recommendations are made:-

- locked-cycle testwork results were not considered in the design due to the complexity of the ore and since very low recoveries and grades were achieved during the testwork;
- the design, as shown on process flow diagrams (PFD), is based on open circuit testwork results and operational experience with the flexibility built within the cleaning stages;
- testwork excluded material from the Kroondal dumps;
- mineralogical investigation was performed on material from only the Buffelsfontein tailings dams;
- it is recommended that detailed mineralogical investigation be considered in order to better define the pre-concentration stage and scalping screen cut-off size;
- incorporation of bead milling ahead of the flotation plant is advantageous since the flotation testwork showed significant improvement in the PGM recoveries and grades when the milling was introduced ahead of the rougher flotation;
- the PFDs show that the design is “fit for purpose”, practical and comparable to other existing operations in the area. The stand-by equipment is allocated to main unit operations only;
- since metallurgical testwork was only performed on material from Buffelsfontein (MG1) and Elandskraal (MG1), it is recommended to perform additional testwork on Kroondal material, containing high chromite LG6 material, to determine the milling and flotation kinetics and whether the LG6 material can be processed through the CTRP, together with MG1 material from Buffelsfontein and Elandskraal;
- quantitative mineralogical investigation was performed on samples from the Buffelsfontein tailings dams, in which the froth flotation application was recommended. However, the testwork report did not define processes to be followed ahead of the flotation plant, and therefore it is recommended that detailed mineralogical investigation of all feed material to the CTRP be considered. This is necessary to better define the pre-concentration stage and scalping screen cut-off size;
- it is recommended to perform a trough vs., tank cells trade-off for the rougher flotation cells. Self-induced trough cells pose a sanding risk and limits mass pulls. Flexibility should be considered in removing the fast floating high grade concentrate from the first two cells to re-cleaner stages which can only be achieved with tank cells. Blower air should be considered to ensure proper pulp mixing within cells; and
- the rougher concentrate regrind results showed no significant improvement in recoveries. Consequently, it should be considered to retrofit this circuit at a later stage to determine the need of it after stable production has been reached.

9.3.2 Engineering Review

The engineering and estimate basis used in designing the CTRP shows that fundamental principles have been used, it is therefore concluded that there are no “fatal flaws” in the information reviewed. However, it is recommended to update the documentation for completeness, since the PFDs and mechanical equipment list in certain instances does not correspond as outlined in Section 3 of K’Enyuka’s engineering and cost review document (Ref. No. 0500005REP0002).

9.3.3 Capex Cost Review

The installed capital expenditure (capex) of ZAR96.0m as per Matomo Projects (Pty) Limited's (Matomo) lump sum turnkey (LSTK) systems proposal (Ref. No. 1579/002/17) seems "fair", with an upper potential of ZAR99.3m. The following is noted:-

- at the time of the above LSTK proposal, the result from the geotechnical assessment was not available to Matomo or the Review Team. Consequently, Matomo has shifted significant of the design risk to Phoenix;
- during August 2010 a detail geotechnical report was compiled by Geostrategies (Ref. No. 10189), which should be used by Matomo to re-cost and offers the CTRP;
- the various discipline percentages of the total project cost appear to be within industry acceptable standards;
- first fills are normally considered part of the capex estimate. It is therefore recommended that the first fill component be transferred from opex to capex; and
- the current recommended client contingency allowances are considered sufficient and should be retained.

Project contingency and Owner's management reserve seems "fair" at ZAR1.804m and ZAR1.763m, respectively. Similarly, estimates of ZAR1,512,000 for Owner's vehicle and other equipment and ZAR2,618,734 for site establishment of the third party contractor, operating the CTRP, also seems "fair".

Taking all the above into consideration, the total capex allowance for the CTRP is ZAR103,662m, excluding ZAR80m for IFM's 25% NPI.

9.3.4 Opex Cost Review

The estimated opex of ZAR2,742/oz (excluding smelter costs) seems low, when compared with similar other tailings operations in South Africa, as outlined in Table 9.

Table 9 : Tailings Recovery Plants opex

OPERATION	ZAR/oz
Steelport	2,383
Millsell	3,997
Mooinooi	4,357
Kroondal	4,478
Average	3,804

10 Tailings Disposal Facility

African Innovative Solutions and Projects cc (AISP) submitted a proposal to PAR for the design of a new TDF (the New TDF) adjacent to the existing TDFs at the Lesedi Mine (the Existing TDFs), in a document entitled: "Tailings Storage Facility Design Proposal", by G Pretorius, dated 16th July 2010. The New TDF is required to accommodate tailings from the CTRP, while the material from the Existing TDFs is mined and processed through the CTRP.

From the production forecast the subsequent flow from the CTRP to the New TDF was estimated at 25,000tpm for an initial period of 12 months. The Existing TDFs consists of four individually operated compartments which will be mined in a phased manner and the footprint areas reinstated, together with the New TDF, to maximise the available deposition area, thus forming an enlarged TDF.

It is expected that it will take up to 12 months to completely mine one of the Existing TDFs compartments. It is thus assumed that the new TDF will have to accommodate all the PGM depelited tailings from the CTRP for a period of 12 months. This material cannot be deposited onto any of the Existing TDF compartments still containing PGMs.

After the initial 12 month period, the first emptied compartment of the Existing TDF will be available to accept tailings from the CTRP.

Because of restrictions to the available area, the New TDF will have to be designed to accommodate a high rate of rise. Consequently, a more intricate and innovative design will have to be completed.

The normal rate of rise acceptable on a tailings dam ranges between 2.7m/yr to 3.5m/yr. It is expected that the rate of rise required for the New TDF will be approximately 10m/yr which cannot be sustained for long periods.

The expected rate of rise on the individual compartment will also be high, resulting in applying the same method of deposition and design principles when changing from the New TDF to the respective mined-out compartments.

AISP's proposal was reviewed by Stefanutti Stocks Mining Services (SSMS) in a document entitled: "Pan African Resources/IFM Temporary Tailings Storage Facility – Design Review and Proposal", by N Scheepers, dated 6th September 2010, and concludes as follows:-

- although the site can be engineered to suit the stipulated requirements, SSMS are of the opinion that the best solution to this deposition management plan would be to construct a completely new TDF that will be able to accommodate the required tonnage at an acceptable rate of rise over the projected life;
- SSMS appreciate the fact that a short term solution is required and that it will not be possible to get an entirely new TDF operational within the stipulated timelines; and
- SSMS therefore recommend two alternative deposition solutions to the AISP proposal which will result in a more acceptable rate of rise than AISP's indicated 10m/yr. Venmyn supports the recommended alternatives as referenced in SSMS' design review as:-
 - Deposition Scenario 3, if sufficient space is available at the CTRP to stockpile all the material from the Existing TDFs' Compartments 2 and 3; alternatively
 - Deposition Scenario 2, should space not be available at the CTRP to stockpile material from both Compartments 2 and 3. In this Scenario, it is recommended to perform a detailed design process to establish the most suitable deposition management plan and to validate implementation.

11 Risk Assessment

A hazard and operability (HAZOP) study was facilitated by independent risk consultants; Professional Process Consultants (PPC), on 2nd and 3rd June 2010, at the offices of Matomo. The findings were outlined in a document entitled: "100523-HEN-PRO-000-HAZ-001", Rev A4, dated 15th June 2010 (the PPC Report).

A total of 129 Potential, unclassified, Risks (i.e. very high, high, medium, low or very low) were identified. Where Preventative Control Measures existed as mitigating factors, these were documented as "Safeguards Already Provided". Corrective Control Measures were documented as "Recommendations or Actions", together with a responsible person.

Following implementation of the Preventive and Control Measures, Venmyn is expecting the risk rating of the Inherent Risk to decrease to a Residual Risk, having a lower Risk Rating. However, the Risk Rating of the Residual Risks was, as with the Inherent Risks, not documented. Consequently, Venmyn cannot conclude:-

- the effectiveness of the Preventative and Corrective Control Measures in decreasing the Inherent Risks to a Residual Risk having a lower Risk Rating;
- whether the Preventative and Corrective Control Measures have been implemented by Matomo in the design of the CTRP;
- whether any abnormal Control Measures were required to decrease the Inherent Risk; and
- if any of the Residual Risks had a intolerable risk rating of High or Very High, following assumed implementation of the Preventative and Corrective Control Measures.

From experience with similar projects, Venmyn does not believe the overall project risk of the CTRP will be intolerably High or Very High. However, taking the above listed items into consideration, the overall project risk is unknown and not stated in the Professional Process Consultants' Report.

12 Marketing

A review on the PGM Market by Venmyn, as summarised below is based on a Marketing Report by the Johnson Matthey Public Limited Company (Johnson Matthey) in a report entitled "Platinum 2010", for the most part on information available up to the end of March 2010, published in May 2010.

12.1 Platinum

Difficult economic conditions negatively affected demand for platinum in many sectors during 2009, driving gross demand 11.9% lower to 7.04Moz. Supplies fell by only 20,000oz to 5.92Moz despite the closure of some uneconomic mine production in SA. Although the weight of platinum recovered from open loop recycling also fell, to 1.41Moz, the platinum market was in oversupply by 285,000oz during 2009.

The short term outlook for platinum production from SA is quietly positive. Continuing progress in developing new shafts at Lonmin should boost underlying production marginally, although refined sales will be dependent on smelter availability. At Anglo Platinum, the company has acknowledged that it may elect to increase production by up to 200,000oz of platinum above its planned guidance for 2010, if the market demands it.

12.2 Palladium

Palladium demand suffered due to the weak state of the world's economy. Gross demand fell to 7.77Moz. Supplies of palladium fell to 7.10Moz. The palladium market was therefore in oversupply during 2009 by 760,000oz, a slightly larger surplus than in the previous year. Supplies of palladium are forecast to rise in 2010.

12.3 Other PGMs

A summary of the world's other PGMS (rhodium, ruthenium and iridium) market during 2009 is as follows:-

- rhodium was in oversupply by 241,000oz, compared to a surplus of 25,000oz in 2008;
- gross rhodium demand fell by 20.2% to 716,000oz due to weak automotive purchasing;
- recovery of rhodium from spent autocatalysts decreased by 17.6% to 187,000oz;
- supplies of rhodium increased by 10.8% to an annual total of 770,000oz;
- ruthenium demand declined for the third successive year, falling by 17.9% to 574,000oz; and
- iridium demand also fell for the third successive, decreasing by 10.8% to 91,000oz.

13 Valuation

The capex for the CTRP is based on a fixed LSTK proposal by Matomo and amounts to ZAR99,530,910 including contingencies and reserves. An estimate of ZAR1,512,000 has been made for Owner's vehicle and other equipment. An allowance of ZAR2,618,734 has been made for site establishment of the third party contractor, operating the CTRP.

Taking all the above into consideration, the total capex allowance for the CTRP is ZAR103,662m, excluding ZAR80m for IFM's 25% NPI.

The opex estimate for the CTRP was based on a third party contractor, operating the CTRP. The total estimated over the life of the operation was ZAR2,742/oz (excluding smelter costs) and ZAR5,475/oz including smelter costs.

Having successfully completed a DFS, for which economic viability has been demonstrated, the CTRP can be classified in terms of the SAMVAL Code as a Development Property. Consequently, the cash flow valuation approach was used to value the Project.

A DCF model was constructed, based on the “value in use” principle, using cash flow projections based on future production, recoveries, sales and expenses over the life of operation.

The “fair” value for the CTRP was based on the net present value (NPV), applying a 12% real discount rate, to the post-tax un-escalated cash flows. The upper and lower value range was determined, using varying discount rates, as well as sensitivities on revenue, capex and operating expenditures (opex).

Using the cash flow approach, Venmyn determined a “fair” (attributable) value for the Project of ZAR241.467m, with an upper and lower limit range of ZAR301.253m and ZAR186.541m, respectively.

14 Execution

The overall schedule for the Phoenix project, commencing in August 2010 with the procurement of the long lead items and process engineering and completion of cold (water) commissioning, at the end of August 2011, is estimated to have an overall duration of 12 months, including a 3 week Christmas break. Venmyn compared this schedule to that of similar projects of the same type and size and found the schedule acceptable.

The overall schedule can be broken down into the following high level activities:-

- completion of the process design during August 2010;
- procurement of equipment and contractor services to commence between October 2010 and November 2010;
- construction, erection and installation commencing in November 2010; and
- commissioning during October 2011.

The overall Phoenix project execution schedule and organogram is presented in the Figure 4. The total labour compliment for the Phoenix CTRP of 44 was reviewed by Venmyn and found acceptable for the size and type of operation.

15 Concluding Opinion

Venmyn is of the opinion that the Project is a geologically and technically sound proposition with a good resource base, comprising of simple, uncomplicated mining and processing requirements.

Venmyn reviewed all the supplied information and is reasonably assured that these reports are based on acceptable industry practice within SA and represents the CTRP, having made due enquiry.

Reviewing the supplied process design criteria in conjunction with; metallurgical testwork, CPR, block flow diagrams, mass balance and process flow diagrams, it can be concluded that there are no “fatal flaws” in the information reviewed and that the process design selected is appropriate.

The engineering and estimate basis used in designing the CTRP shows that fundamental principles have been used, it is therefore concluded that there are no “fatal flaws” in the information reviewed.

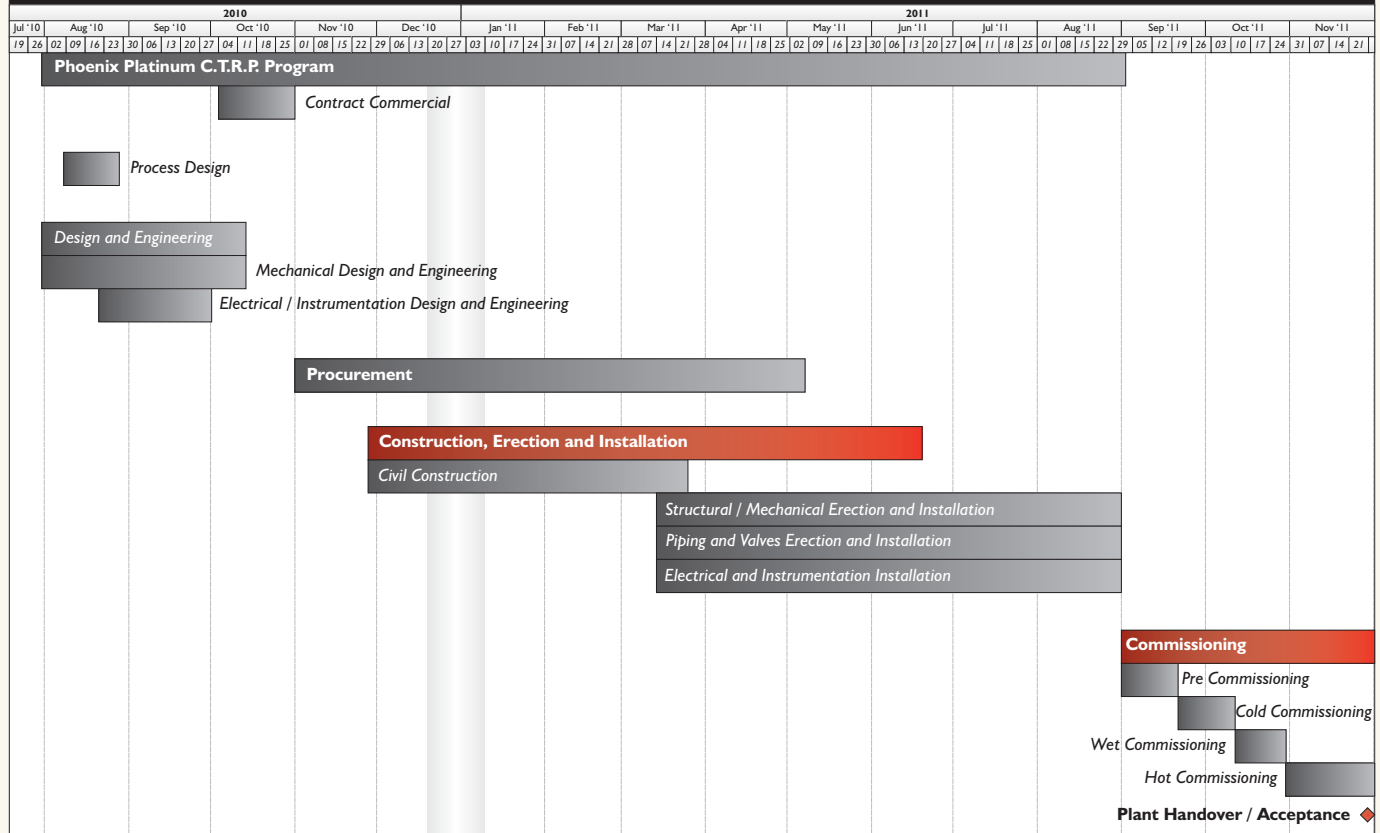
Over a 20 year life of operation the Project is expected to produce 212koz of PGMs.

The installed capex of ZAR96.0m as per Matom’s LSTK proposal (Ref. No. 1579/002/17) seems “fair”, with an upper potential of ZAR99.3m. However, the result from the geotechnical assessment was not available during the costing of the CTRP by Matomo. A detail geotechnical report was compiled by Geostrategies (Ref. No. 10189), which should be used by Matomo to re-cost and offers the CTRP.

SSMS recommend two alternative deposition solutions to the AISP proposal which will result in a more acceptable rate of rise than AISP’s indicated 10m/yr. Venmyn supports the recommended alternatives.

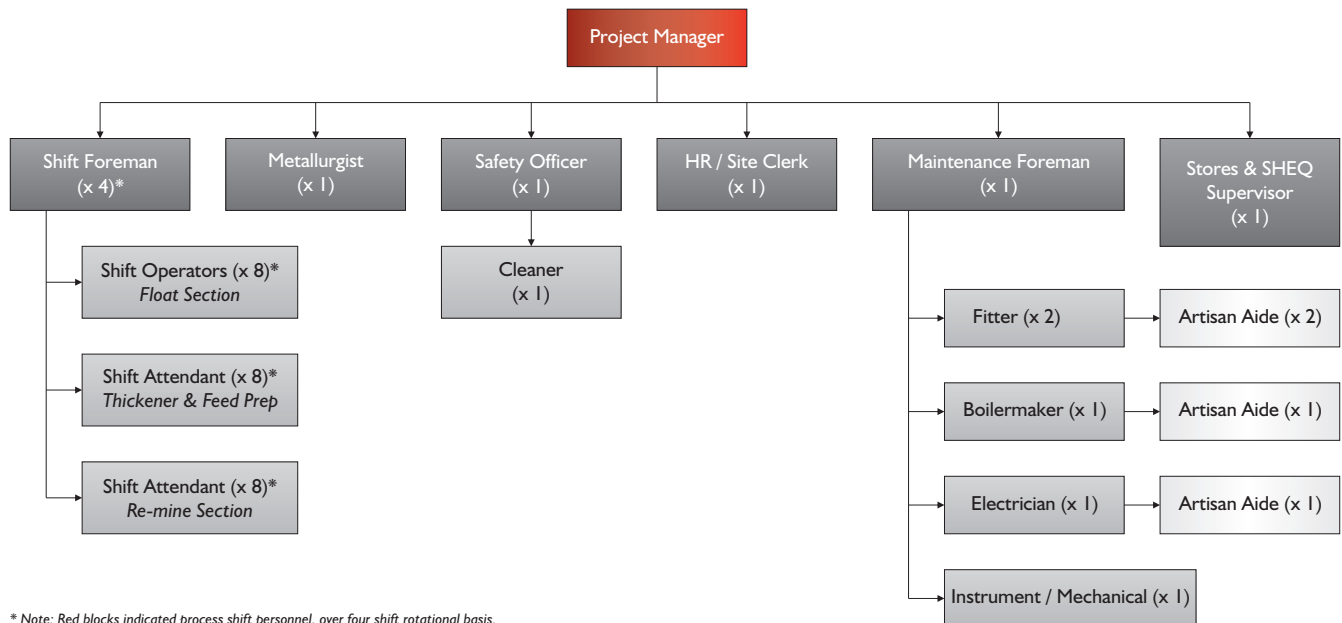
OVERALL PHOENIX EXECUTION SCHEDULE AND ORGANOGRAM

FIGURE 11: PHOENIX PROJECT OVERALL SCHEDULE



Note: Start date subject to finalisation of legal contract to site plant

PHOENIX PROJECT ORGANOGRAM



Venmyn is unaware of any legal proceedings or negative statement that might influence the right by Phoenix to recover PGM from the old tailings and current arisings. However, the construction of the CTRP at the Lesedi Mine is subject to concluding the Exclusivity Agreement, and subsequent conclusion of a CTRP Agreement and NPI Agreement.

The execution schedule is achievable, with capex and opex estimates aligned with similar type and size plants.

From experience with similar projects, Venmyn does not believe the overall project risk of the CTRP will be intolerably High or Very High. However, the overall project risk is unknown and not stated in the Professional Process Consultants' Report.

The capex for the CTRP is based on a fixed LSTK proposal and amounts to ZAR99,530,910 including contingencies and reserves. An estimate of ZAR1,512,000 has been made for Owner's vehicle and other equipment. An allowance of ZAR2,618,734 has been made for site establishment of the third party contractor, operating the CTRP.

Taking all the above into consideration, the total capex allowance for the CTRP is ZAR103,662m, excluding ZAR80m for IFM's 25% NPI.

The total capex including contingencies and reserves seems "fair" in relation to similar type and size operations.

The opex estimate for the CTRP was based on a third party contractor, operating the CTRP. The total estimated over the life of the operation was ZAR2,742/oz (excluding smelter costs) and ZAR5,475/oz including smelter costs.

The estimated opex seems low, when compared with similar other tailings operations in South Africa, at an average of ZAR3,803.75/oz.

Having successfully completed a DFS, for which economic viability has been demonstrated, the CTRP can be classified in terms of the SAMVAL Code as a Development Property. Consequently, the cash flow valuation approach was used to value the Project. Venmyn determined a "fair" (attributable) value for the Project of ZAR241.467m, with an upper and lower limit range of ZAR301.253m and ZAR186.541m, respectively.

Venmyn is confident that Phoenix's experienced management and technical team will be positioned in the near future to become an independent low cost PGM producer.

Venmyn has completed their Mandate in full, with no outstanding work required.

The Mineral Resources and Mineral Reserve estimates are SAMCode compliant, and no other reporting codes other than the SAMCode have been used.

16 COMPETENT PERSONS

The Competent Persons contributing to this Report are:-

- Derick de Wit, Pr. Tech. Eng., B. Tech. (Chem. Eng), M.A.P. (Wits.), MSAIMM, MIASSA, MAusIMM; and
- Carol Taylor, B.Sc.Hons (Geol), Pr Sci Nat, MGSSA, MGASA.

Venmyn is an independent advisory company. Its consultants have extensive experience in preparing CPRs, technical advisers' and valuation reports for mining and exploration companies. Venmyn's advisors have, collectively, more than 70 years of experience in the assessment and evaluation of mining projects and are members in good standing of appropriate professional institutions.

The signatory to this Report are qualified to express their professional opinions on the values of the mineral assets described. To this end, Competent Persons Certificates are presented in Appendix 2.

Neither Venmyn nor its staff, have or have had any interest in PAR, Phoenix, their Subsidiaries or the CTRP capable of affecting their ability to give an unbiased opinion, and, have not and will not, receive any pecuniary or other benefits in connection with this assignment, other than normal consulting fees.

Phoenix has warranted in writing that it has openly provided all material information to Venmyn, which, to the best of its knowledge and understanding, is complete, accurate and true.



D.R. de Wit
Pr Tech Eng, B Tech (Chem Eng),
MAP (WBS), MSAIMM, MIASSA, MAusIMM
CORPORATE MINERALS ADVISOR

Effective Date: 1st August 2010