

Regulatory Announcement

Company Pan African Resources PLC
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Pan African Resources plc
("Pan African" or the "Company")

PROPOSED ACQUISITION OF BARBERTON MINES (PTY) LIMITED ("BARBERTON MINES") AND RE-ADMISSION TO AIM

The Directors of Pan African are pleased to provide more details of the Company's proposed acquisition of 74 per cent. of Barberton Mines which will establish Pan African as a gold production company. Shareholders are also informed that an admission document (the "Admission Document") has been published today, together with a notice convening an Extraordinary General Meeting of the Company to be held at 10.30 am on 27 July 2007 (or as soon thereafter as the Annual General Meeting of the Company convened for the same date and place shall have been concluded or adjourned).

The Existing Ordinary Shares of the Company were suspended from trading pending the publication of the Admission Document and have recommenced trading today. A copy of the Admission Document is available from the Company's web site, www.panafricanresources.com and is expected to be posted to Shareholders shortly.

Capitalised terms used in this announcement but not otherwise defined have the meanings given to them in the Admission Document.

Summary

- Proposed acquisition of a 74 per cent. interest in Barberton Mines resulting in the issue of 593,740,476 Ordinary Shares
- Proposed issue of 60,000,000 Ordinary Shares to Pangea
- Adoption of the new share option plan
- Admission of Enlarged Share Capital to trading on AIM
- Secondary listing of the Enlarged Share Capital on AltX

Jan Nelson, Chief Executive Officer of Pan African said, "The proposed transaction will result in Pan African being transformed from a junior gold explorer to a mid-tier gold producer and explorer that can fund its own exploration activities. It allows the Company to form a strategic partnership with Metorex which brings with it access to seasoned entrepreneurial, management and technical skills. This will not only greatly assist the Company in the development of its projects but also enhance its ability to source new projects. In addition, the Company also gains Shanduka Resources as a shareholder and strategic partner providing the Company with another avenue to source exploration opportunities. The Company will also gain an extremely capable mining team with a proven track record for delivering results at Barberton Mines. Pangea Exploration remains as a shareholder and strategic partner in pursuing our future exploration ambitions. The transaction unlocks significant shareholder value and provides a platform for the Company to realise that value. The Board would like to thank our current shareholders for their patience during the suspension period and encourage them to vote in favour of the proposed transaction."

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The following details are summarised from Part I of the Admission Document and should be read in the context of the whole of that document when received by Shareholders:

1. INTRODUCTION:

Pan African has signed a conditional acquisition agreement under which it has agreed to acquire, from Metorex, 4,440,000 Barberton Shares (being 74 per cent. of the issued ordinary share capital of Barberton Mines) and all of the Barberton Preference Shares held by Metorex for a total consideration of £35.6 million, which is to be satisfied by the issue by the Company of the Metorex Shares, to Metorex credited as fully paid at 6p per share. The remaining 1,560,000 ordinary shares in Barberton Mines (being 26 per cent. of the issued share capital of Barberton Mines) are held by Shanduka, a BEE group, in order to comply with the MPRDA and the BBEC for the South African Mining Industry. Shanduka has an option to sell its 26 per cent. holding in Barberton Mines to Pan African in consideration for additional Ordinary Shares, equating to approximately 19 per cent. of the Enlarged Share Capital of the Company.

The Barberton Acquisition constitutes a reverse takeover for the purposes of the AIM Rules and therefore Pan African requires the prior approval of its Shareholders at the EGM before it can conclude the Barberton Acquisition.

In addition, the Company has applied for, and has been granted, a Listing on AltX as required by the South African Reserve Bank's approval of the Barberton Acquisition. Such Listing will become effective on completion of the Barberton Acquisition.

It is intended that the Pan African board is strengthened by the appointment, upon Admission, of the Proposed Directors, both of whom are currently directors of Metorex. Further details of the Proposed Directors are set out below.

The purpose of the Admission Document is to explain the background to and reasons for the Proposals and why the Directors believe that the Proposals are in the best interests of the Company and Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolutions.

Shareholders are therefore invited to vote on the Resolutions at the EGM. If the Resolutions are passed in their entirety, and without amendment, by the Shareholders, the Proposals will be implemented.

2. BACKGROUND TO AND REASONS FOR THE BARBERTON ACQUISITION

Pan African is committed to continue to deliver on the Company's vision of "acquiring a portfolio of mineral deposits in Africa with world-class potential in favourable areas of Africa and develop them to enhance shareholder value".

Further to this commitment, the Company announced on 28 June 2007 the acquisition of exploration rights in Ghana which the Directors believe will:

- provide the Company with an advanced exploration project that could, within five years, contribute to the planned growth in the annual gold production profile;
- provide the Company with the necessary exploration base to consolidate additional properties in this area; and
- potentially provide the opportunity to acquire a lease over mining rights in the immediate vicinity.

However, the Directors recognise that to achieve scale and visibility in the gold sector, the Company has to acquire the necessary skills and funds not only to fast track the development of current projects but also to be strategically placed to take advantage of new acquisition opportunities. The mining industry is currently experiencing a critical shortage of managerial, project development and operational skills across the globe. It is as a result of these factors that the Directors made a strategic decision to acquire a production base in Africa that could provide critical mass for the Company in terms of cash flow, skill-set and assets, which would ensure continued growth to enhance Shareholder value.

Completion of the Barberton Acquisition will:

- provide Pan African with the necessary skills base (not only at Barberton Mines; but also from Metorex) to enable the Company to fast track the development of current projects by applying the full range of proven technical capability from metallurgical, engineering through to mining skills;
- allow Pan African to unlock previously unrealised value at Barberton Mines through the application of its geological expertise;

- establish Pan African as a gold producer and therefore provide Pan African with cash flow to fund its ongoing exploration activities;
- position Pan African such that additional acquisition opportunities can be realised;
- provide necessary momentum for the Company's regional exploration ambitions in Ghana; and
- add additional premium exploration potential close to the mines being acquired.

In addition, the Company through the Proposed Directors will gain the involvement of seasoned entrepreneurs who will assist the Company in its deal-flow.

3. PRINCIPAL TERMS AND EFFECTS OF THE BARBERTON ACQUISITION

3.1 Principal terms

Completion of the Barberton Acquisition is subject to certain conditions precedent. These include, inter alia, a valuation from an auditor (Deloitte & Touche) on the assets to be acquired for a non-cash consideration (to comply with section 103 of the Act) which has been obtained, South African Reserve Bank approval which has been obtained, the secondary listing on AltX of the Ordinary Shares, Shareholder approval for the purposes of the AIM Rules, waiver of the pre-emption rights of the remaining shareholder in Barberton Mines (that is Shanduka) and Pan African's re-admission to AIM.

As a further condition precedent of the Barberton Agreement and in accordance with the terms of the Pangea Agreement, Pan African will issue an additional 60,000,000 Ordinary Shares to Pangea credited as fully paid up at 6p per share in consideration for the acquisition of the 20 per cent. free carried interest it holds in the Manica Project (taking the Company's stake to 100 per cent. in the Manica Project and which is itself conditional upon a valuation, which has been obtained, from an auditor (Grant Thornton) on the assets to be acquired for a non-cash consideration) and the remaining payments due to Pangea in respect of the gold projects in the CAR will be cancelled.

Shanduka has agreed to waive its tag along and pre-emptive rights in Barberton Mines in consideration for an option to convert its 26 per cent. shareholding in Barberton Mines into 208,611,519 new Ordinary Shares which would represent approximately 19 per cent. of the Enlarged Share Capital. Shanduka may exercise this option at any stage up to 30 June 2008 following the approval of the DME to the conversion of Barberton Mines old order rights into new order rights (or, if such approval is not granted before 30 June 2008, until 31 August 2008) failing which the option lapses. Shanduka may not sell any Ordinary Shares acquired by it prior to 1 July 2008. In addition Pan African has granted Shanduka a further option to acquire 64,304,622 new Ordinary Shares which would represent 6 per cent. of the Enlarged Share Capital. The option is exercisable at anytime during the 12-month period beginning on the date which is six months after the date of Admission. The option price is the volume weighted average trading price of Ordinary Shares in the three month period preceding the date of exercise of the option less 15 per cent. Should Pan African undertake a placement of Ordinary Shares for the purpose of fundraising (save for any fundraising undertaken by Pan African in the period six months from Admission) during the period of the option, Shanduka may participate in such placement for all or 50 per cent. Of the placing shares at the trading price of the Ordinary Shares on all markets less 15 per cent. Shanduka has agreed not to sell any of the shares so acquired for a period of 12 months following the Admission date.

Metorex intends to hold the Metorex Shares as an investment and has undertaken not to dispose of any of its Pan African shareholding for a period of 12 months from the date of issue other than by way

of a distribution in specie. Pan African has the right to place such shares if required. Metorex will appoint two directors to the board of Pan African even though the Acquisition Agreement entitles Metorex to appoint one director to the board of Pan African for each 10 per cent. of the issued share capital of Pan African that Metorex holds. Pan African will have the right to appoint three directors onto the board of Barberton Mines, which will have a total of five directors.

Immediately following Admission, Pan African's issued share capital will have risen from 418,003,235 shares to 1,071,743,711 shares in issue. The Existing Ordinary Shares include the issue of the Explorata Shares and the Goldiam Shares and 1,677,273 Ordinary Shares issued on the partial exercise of an option by a former director of Pan African (amounting to a total of 10,250,000 Ordinary Shares) as announced on 11 May 2007. The Goldiam Shares and the Explorata Shares have been issued in respect of mineral rights in the CAR and Mozambique upon certain conditions being fulfilled (as announced by the Company on 13 March 2006 and 9 January 2006, respectively).

Should the Resolutions proposed in the notice of EGM be approved, all other conditions precedent having been satisfied, the Barberton Acquisition would be completed in all respects by the Admission of Pan African to AIM.

3.2 Ownership of shares in Barberton Mines

The share capital of Barberton Mines consists of ordinary shares and the Barberton Preference Shares. Those ordinary shares and the Barberton Preference Shares held by Metorex are to be acquired by Pan African, but such shares held by Shanduka will be retained by Shanduka, for so long as Shanduka does not exercise its option under the Shanduka Agreement.

As part of the Shanduka Agreement, Shanduka has agreed to sell all of its Barberton Preference Shares, to the extent any remain unredeemed, if and when Shanduka exercises its option to sell its Barberton Mines shares under the Shanduka Agreement.

The Barberton Preference Shares are redeemable at the instance of the board of Barberton Mines and carry a variable coupon rate determined by the board of Barberton Mines. Under South African Law, the maximum amount that a company may utilise to redeem shares or pay dividends is the amount of the profits available for distribution. As at the Last Practicable Date, Metorex held 7,812 Barberton Preference Shares and Shanduka held 269. The board of Barberton Mines has undertaken not to redeem any of the Barberton Preference Shares or declare any dividends in respect thereof from the Last Practicable Date until the date of Admission. As part of the acquisition of Barberton Mines, Pan African will acquire all the Barberton Preference Shares held by Metorex which are unredeemed at the date of Admission.

4. PURPOSE OF THE LISTING ON THE JSE

Pan African wishes to obtain a secondary listing of its Ordinary Shares on AltX in order to:

- satisfy the requirements of Exchange Control with respect to Metorex's disposal of Barberton Mines to Pan African in exchange for Ordinary Shares;
- fulfill the conditions precedent of the Barberton Acquisition;
- provide a further funding mechanism through which Pan African can realise opportunities in the gold sector in both South Africa and Southern Africa;
- enhance South African investors' awareness of Pan African thereby potentially enlarging Pan African's investor base and increasing trade in its shares; and

- facilitate direct investment by South African residents in Pan African.

The main activities of the Enlarged Group, following completion of the Proposals, will comprise gold production, mineral exploration and development, and the Directors and Proposed Directors consider that the Enlarged Group on entering into the Relationship Agreement will be an independent business that controls the majority of its assets.

5. NATURE OF BUSINESS, STRUCTURE AND STRATEGY OF THE ENLARGED GROUP

5.1. Nature of business and Enlarged Group structure

Pan African is a mining exploration and development company with a focus on the gold sector on the African continent. Pan African has developed a prospective portfolio of exploration assets that provide a balance between a project with near-term production potential (Manica gold project in Mozambique), two projects that provide a large ground holding in a previously unexplored region with the potential to develop into a major new gold camp (Bogoin and Dekoa gold projects in the CAR) and a 90 per cent. interest in the Akrokerri property in Ghana.

The Barberton Acquisition immediately provides the Company with a production base and cash flow to aid the financing of its ongoing exploration activities. It also provides an additional advanced exploration project.

Barberton Mines comprises three operating mines, Fairview, New Consort and Sheba, situated in the Magisterial District of Barberton, Mpumalanga Province, South Africa, some 370km east of Johannesburg and 47km south west of Nelspruit. Gold production in this area commenced more than 100 years ago. Barberton Mines produced approximately 100,000 ounces of gold for the financial year ended 30 June 2006 at a recovered grade of 9.8g/t.

The Company has reviewed the extensive exploration dataset at Barberton Mines which has not previously been collectively modelled and accessed and believes that the potential for additional gold discoveries at or near surface exist. As such the Company intends to initiate a US\$2 million stand-alone surface exploration programme at Barberton Mines over the next two years to test the geological prospectivity of the lease area and follow-up on previously unexplored exploration results.

Barberton Mines has an experienced management team that will become part of the Enlarged Group. This team not only forms an independent business unit of the Enlarged Group, but also provides additional skill sets within the Enlarged Group for other projects. The management team at Barberton Mines is responsible for approximately 1,475 employees and reports directly to the Board of Barberton Mines. The Board of Barberton Mines consists of five directors of which Pan African has a right to appoint three directors.

Pan African intends to continue complying with a management agreement currently in existence between Barberton Mines and Metorex. This management agreement provides for additional financial and technical services that allow the board of Barberton Mines to fulfil certain of its management functions. Although Pan African will be intimately involved in the management of the mines, such additional financial and technical assistance will not only allow for a detailed focus and review, but will also have a significant cost saving for the Enlarged Group.

All technical and financial skill sets for exploration projects throughout Africa is out-sourced. The projects are managed by the executive management of the Enlarged Group with assistance from the

Technical Committee. The exploration projects account for approximately 15 technical and financial people employed on a contract basis.

5.2. Strategy

The Barberton Acquisition will allow the Company to continue pursuing its current exploration and growth strategy intended to grow the Enlarged Group to an annual production base of 500,000 ounces of gold per annum and a total gold resource base of 10Moz, both within a five-year period. This strategy will be pursued by:

- growing current production levels at Barberton Mines in South Africa to 150,000 ounces per annum over a five year period (which could include the acquisition of additional gold mining and exploration opportunities in the vicinity of Barberton Mines which could enable the Company to consolidate the gold fields situated within the Barberton Greenstone belt as a result of: (a) Barberton Mines strategic geographical position: (b) extensive technical and management experience base: (c) an already producing BIOX and CIL plant and (d) access to financing within the Enlarged Group);
- initiating a US\$ 2,000,000 exploration programme at Barberton Mines over a two-year period;
- advancing the Manica Project in Mozambique to a BFS and commence mine development to achieve annual production of 86,000 ounces per annum;
- defining the exploration resource potential of Bogoin and Dekoa in the CAR together with its joint venture partner, CARgold;
- completing transfer of the company holding a 90 per cent. interest in the Akrokerri Property and initiate the exploration programme; and
- identifying and acquiring other advanced exploration opportunities and production targets.

The Directors and Proposed Directors of Pan African further intend to establish the Company as a mid-tier gold stock on AIM and AltX by valuation, through continuing to grow the exploration activity and advancing projects to add to the production base at Barberton Mines.

6. FINANCIAL INFORMATION

The following is an extract of the financial and non-financial information of Barberton Mines for the three years ended 30 June 2006 translated at an exchange rate of £1:R14 (as appropriate.)

	12 months ended 30 June 2006	12 months ended 30 June 2005	12 months ended 30 June 2004
	£000	£000	£000
Revenue	23,172	21,990	23,282
Income before exceptional items	2,330	616	2,179
Total assets	25,085	26,357	27,750
Employees	1,475	1,478	1,451

7. CURRENT TRADING AND FUTURE PROSPECTS

The Directors and Proposed Directors of Pan African are of the opinion that:

- the Enlarged Group will have a balanced portfolio of assets in terms of geological potential and country risk;
- the delineation of major gold-in-soil anomaly at the Bogoin Project in the CAR could lead to exciting future developments over and above any future gold finds at the Dekoa Project;
- that current scoping studies on the Manica Project indicate that, with further optimisation work currently underway, the development of an open pit gold mine with an annual production rate of 86,000oz per annum for a period of 8.5 years is possible;
- Barberton Mines can sustain current production levels of around 100,000oz per annum based on a resource depletion schedule of 15 years and has the potential for further growth;
- initiation of a US\$2,000,000 exploration programme over a two year period could lead to additional major gold discoveries at Barberton Mines; and
- regional exploration reconnaissance work in Ghana could add to the exploration portfolio in the foreseeable future.

The Directors and Proposed Directors of Pan African are also satisfied with the exploration results at the Manica Project in Mozambique and are satisfied that a pre-feasibility study will be completed by the end of the second quarter of 2007. The results of the pre-feasibility study, if favourable, would allow the Enlarged Board to initiate a BFS on the project.

8. DIRECTORS AND PROPOSED DIRECTORS OF THE ENLARGED GROUP

8.1. Directors and Proposed Directors of Pan African

The Enlarged Group will have a senior management team that, including the Directors and Proposed Directors, brings many years of experience in discovering, acquiring, funding, developing, and operating gold projects in Africa. The following table sets out, for each of the Directors, the person's name, age, citizenship, positions within the Company and principal occupation and function:

Name, age and nationality	Business address	Principal occupation and function	Date appointed to board
Colin Bird (63) British	4th Floor, 2 Cromwell Place, South Kensington, London, United Kingdom	Non-Executive Chairman	8 September 2004
Jan Petrus Nelson (36) South African	Viewpoint House, Cnr Main Street & Orchard Avenue, Bordeaux, Randburg, South Africa	Chief Executive Officer	1 September 2005
Nathan Anthony Steinberg (53) British	Manfield House, 2nd Floor, 1 Southampton Street London, United Kingdom	Financial Director	10 March 2000
Robert George Still (51) South African	Pangea House, Cnr Main Street & Orchard Avenue, Bordeaux, Randburg South Africa	Non-Executive	9 September 2004
Hendrik Johan Blignault (64) South African	3 Hoflaan, Uniepark, Stellenbosch, South Africa	Non-Executive	9 January 2006

In addition, the following two Proposed Directors will be appointed to the Pan African board in accordance with the terms of the Barberton Agreement subject to the approval of the Barberton Acquisition by Shareholders and Admission:

Name, age and nationality	Business address	Principal occupation and function	Date to be appointed to board
Anthony Simon Malone (63) South African	2nd Floor Cradock Heights 21 Cradock Avenue Rosebank, 2146 Johannesburg, South Africa	Non-Executive	31 July 2007
Charles Denby Stockton Needham(53) South African	2nd Floor Cradock Heights 21 Cradock Avenue Rosebank, 2146 Johannesburg, South Africa	Non-Executive	31 July 2007

Following the Barberton Acquisition, Metorex will be entitled to appoint one director to the board of Pan African for every 10 per cent. of the issued share capital of Pan African that Metorex holds. There is no limit, other than as specified by the Act for a public company, to the number of directors which Metorex or the Shareholders can appoint.

It is the intention of the Board to appoint a full-time financial director, within a period not exceeding three months after the EGM, assuming approval of the Barberton Acquisition by Shareholders. The current financial director of the Company (who fulfils his duties on a part time basis) will assume a non-executive role with a focus on UK compliance issues from the date of this new appointment. The Board, within the mandate from its Shareholders and Articles (as amended from time to time), has the authority to make additional changes to the Board structure and will, as appropriate, consider appointments to fulfil independence requirements and ensure the effective management of the business of the Enlarged Group.

8.2. Experience and qualifications of the Directors and Proposed Directors

8.2.1. Colin Bird, Non-Executive Chairman C.Eng, FIMM

Colin Bird has more than 30 years experience in resource operations management, corporate management and finance. His experience covers a number of sectors including; gold, copper and coal. In October 1995, he joined Lion Mining Finance Limited in London as Technical Manager and is now the Managing Director. He is a director of the listed Canadian mining company, Freegold Ventures Inc., as well as the Chief Executive of Jubilee Platinum PLC an AIM-quoted company.

8.2.2. Jan Nelson, Chief Executive Officer B.Sc (Hons)

After obtaining his honours degree in Geology, Jan Nelson embarked on a career in gold exploration and mining in South Africa, Zimbabwe and Tanzania. He has over 14 years' of experience and, within this period, held positions in mine management and operations with Harmony Gold Mining Company Limited, Hunter Dickenson and Gold Fields Limited. He also has experience in dealing with institutional analysts, institutional investors as well as shareholders.

8.2.3. Nathan Steinberg, Finance Director
FCA, CF, FCCA, TEP

A chartered accountant, Nathan Steinberg is a partner in the London practice Munslovs, through which his services are provided to Pan African. He is an experienced tax adviser and has considerable corporate experience of public companies. He is also a member of council of the Institute of Chartered Accountants in England and Wales.

8.2.4. Rob Still, Non-Executive
B.Com (Hons), CTA, CA(SA)

Rob Still has over 22 years' of experience in mining, specialising in mining finance. He started his career as a chartered accountant, becoming a partner of Ernst & Whinney before leaving in 1986 to co-found Rhombus Exploration Limited. Since then he has been involved in the mining industry worldwide and has held executive and non-executive directorships in companies listed in South Africa, Australia, Canada and the UK. He has participated in the evaluation and development of several new mining projects including Rhovan, Ticor Titanium, Pangea Gold Fields Limited, Southern Mining Corporation Limited (Corridor Sands), Great Basin Gold Limited (Burnstone) and Zimbabwe Platinum Mines Limited. Mr Still is currently chief executive of Pangea Diamondfields PLC, an AIM-quoted company.

8.2.5. Hennie Blignault, Non-Executive
Ph.D

Hennie Blignault is an experienced geologist who has, since 1989, been working as an independent consultant for a number of clients. He has been active in the mining industry since 1967, and has held a number of senior positions within major mining companies including Group Geologist at Gold Fields Limited. In 1977, he received his Ph.D. from the University of Cape Town. He is experienced in a wide spectrum of deposit types and geological terrains and has extensive knowledge of the African geological and metallogenic framework.

8.2.6. Simon Malone, Proposed Non-Executive
B.Sc., MBL, SAIMM, Pr.Eng.

Simon Malone is a mining engineer with a business degree who has been involved in the mining and exploration sector throughout his career. His expertise lies in the identification, evaluation and development of mining assets and interface between corporate and operational management. He was initially employed by JCI Limited, thereafter Chapman Wood and Griswald in Canada before returning to South Africa where he formed Metorex in 1975.

8.2.7. Charles Needham, Proposed Non-Executive

Charles Needham is the chief executive officer of Metorex and has been the financial director of Metorex for the past 20 years, prior to which he spent six years with an auditing firm. He has been involved in the mining sector his entire career and has specific expertise in financing, financial reporting, management reporting, hedging and company matters.

9. CORPORATE GOVERNANCE

The Enlarged Board is committed to maintaining high standards of corporate governance. The Company has developed appropriate measures to ensure that it complies, as far as possible, with the Combined Code so far as is practicable for a company of its size and stage of development.

The Board considers that the current non-executive Directors and Proposed Directors bring a wealth of experience to the Company and a range of skills appropriate to facilitate the next stage of the Company's growth. The Board recognises none of the Directors or Proposed Directors would be regarded as independent non-executive directors under the Listings Requirements and the Combined Code and therefore the Company is not compliant with the Combined Code in this respect.

The Enlarged Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal control requirements of the Combined Code. The Enlarged Board will regularly review and manage key business risks in addition to managing financial risks facing the Company in the operation of its business.

The Enlarged Board has established a Remuneration Committee comprising three of the non-executive directors. The Remuneration Committee reviews the performance of the executive Directors and determines the remuneration of the executive Directors and the basis of their service agreements with due regard to the interests of Shareholders. The Remuneration Committee also determines the payment of any bonuses to executive Directors and the grant of options to employees, including executive Directors, under the Company's share option scheme. The Remuneration Committee shall comprise Colin Bird, Charles Needham and Rob Still. Colin Bird acts as Chairman.

The Enlarged Board has established an Audit Committee. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Audit Committee will, following Admission comprise Charles Needham and Rob Still. Charles Needham will act as Chairman.

The Board has established a Technical Committee, which following Admission will comprise Simon Malone, Colin Bird, Keith Spencer, Hennie Blignault, Anton Esterhuizen and Jan Nelson. Simon Malone will act as Chairman of the Committee. The Technical Committee is responsible for continuous evaluation of the Enlarged Group's existing and potential projects and operations. In addition, the Technical Committee is to ensure exploration programmes and capital expenditure at operations are adhered to within allocated budgets. Simon Malone will act as Chairman.

10. RELATIONSHIP WITH METOREX

Immediately following Admission, Metorex will own 55 per cent. of the Ordinary Shares and will be regarded as a controlling shareholder of the Company.

Metorex and the Company entered into the Relationship Agreement on 4 July 2007 to regulate the ongoing relationship between themselves. The Directors and Proposed Directors believe that the terms of the Relationship Agreement as described below will enable the Enlarged Group to carry on its business independently of Metorex and ensure that all transactions and relationships between the Company and/or its subsidiaries (on the one hand) and Metorex (on the other) are, and will be, at arm's length and on a normal commercial basis.

Under the Relationship Agreement, for so long as Metorex holds 10 per cent. Or more of the issued share capital of the Company:

- Metorex and its related parties agree to vote at all times in the manner required so as to ensure that:
- the Enlarged Group is capable at all times of carrying on its business and making in the best interests of the Enlarged Group;

- all transactions, agreements or arrangements entered into between any member of the Enlarged Group and Metorex or any of its related parties will be made on an arm's length basis and on normal commercial terms; and
- no variations are made to the Articles which would be contrary to the maintenance of the Company's independence.
- Metorex and its related parties agree not to exercise its voting rights as a Shareholder, other than in relation to the management agreement, in relation to any transaction involving an actual or potential conflict of interest between any member of the Enlarged Group and Metorex or any related party of Metorex or in which Metorex or any related party of Metorex has a material interest, other than solely as a Shareholder.
- The parties agree that any Director who is also a Metorex shareholder or who is appointed by Metorex should be free of any conflict of interest and acknowledge that the Director owes a fiduciary duty to the Company and shall be obliged to act in what he perceives to be the best interests of the Company. Where there is perceived to be a conflict of interest, such Directors shall not be permitted to vote and in any event, decisions on such matters shall require the approval of a majority of the Directors who are not and have not previously been a director, officer, employee or shareholder (in the preceding two years) (directly or indirectly) of Metorex. Under the management agreement, Metorex will continue to be retained as an independent contractor to provide management services to Barberton Mines within certain limitations of authority.

11. TAKEOVER CODE

The Panel considers that, although the Company is incorporated in the UK, because the Company's central place of management and control is not in the UK, the Channel Islands or the Isle of Man, the Company is not currently subject to the provisions of the Takeover Code.

For so long as the Panel considers that the Company is not subject to the provisions of the Takeover Code, a takeover offer for the Company will not be regulated by the UK takeover authorities.

12. DIVIDEND POLICY

The Company has not declared or paid any dividends since its incorporation and has no present intention to pay any dividends in the near future. Any decision to pay dividends will be made by the Enlarged Board on the basis of the Company's earnings, financial requirements and other conditions existing at the time, subject to approval by the Shareholders in general meeting.

13. TAXATION

In terms of tax legislation in the UK, certain tax benefits accrue to the holders of AIM-quoted securities. Some of these tax benefits arise due to the classification of AIM securities as "unquoted" and "business assets" for the purposes of calculation of tax. Following the listing of Pan African on AltX, the share capital of the Company will continue to be regarded as unquoted by HM Revenue & Customs in the UK. The tax benefit in the UK will accordingly continue. Shareholders should consult their professional advisors for further details as to the implications for them.

14. SHARE OPTIONS

Subject to the approval of Shareholders at the EGM, the Company proposes to adopt a new share option plan to incentivise directors, employees and consultants as appropriate.

In order to continue to incentivise the Directors, certain options previously granted have been extended for a period of three years, subject to Admission as follows:

Director	Number of Options	Option price	Previous expiry date	New expiry date
Colin Bird	4,000,000	4p	08/ 09/ 2007	08/ 09/ 2010
Rob Still	4,000,000	4p	08/ 09/ 2007	08/ 09/ 2010
Nathan Steinberg	4,000,000	4p	08/ 09/ 2007	08/ 09/ 2010
Nathan Steinberg	1,200,000	4p	18/ 05/ 2007	18/ 05/ 2010

The option granted to Pangea to subscribe for up to 7,500,000 Ordinary Shares at 4p per share at any time before 8 September 2007 has also been extended, subject to Admission so as to expire on 8 September 2010 as a condition of the Pangea Acquisition.

15. EGM

A notice convening the EGM will be sent to Shareholders along with the Admission Document. The EGM will be held at the offices of Fasken Martineau Stringer Saul LLP, 17 Hanover Square, London, W1S 1HU, at 10h30 on 27 July 2007 (or as soon thereafter as the Annual General Meeting of the Company convened for the same date and place shall have been concluded or adjourned) at which the following resolutions will be proposed:

- an ordinary resolution to approve the Barberton Acquisition for the purposes of the AIM Rules;
- an ordinary resolution to increase the authorised share capital of the Company to £20,000,000;
- an ordinary resolution to give authority to the directors of the Company under section 80 of the Act to allot relevant securities up to an aggregate amount of £15,819,967.65 such authority expiring at the conclusion of the Company's next annual general meeting (or if earlier, 15 months from the date of the resolution);
- an ordinary resolution to approve the Pan African Share Option Scheme; and
- a special resolution to dis-apply the statutory pre-emption rights contained in section 89(1) of the Act for the purpose of certain future issues including: the issue of 57,822,727 Ordinary Shares upon the exercise of options already granted to Directors, certain employees and others; the issue of up to 107,174,371 Ordinary Shares (representing approximately 10 per cent.

of the Enlarged Share Capital) in connection with the exercise of options in terms of the Pan African Share Option Scheme to be granted to members of the Enlarged Board and certain employees; the issue of up to 64,304,622 Ordinary Shares (representing approximately 6 per cent. of the Enlarged Share Capital) in connection with the option granted to Shanduka to subscribe for Ordinary Shares; the issue of up to 208,611,579 Ordinary Shares (representing approximately 19 per cent. of the Enlarged Share Capital) in connection with the option granted to Shanduka to require the Company to acquire its 26 per cent. interest in Barberton Mines and for the allotment of equity securities for cash in other circumstances up to an aggregate nominal amount of £1,071,743.71 (representing approximately 10 per cent. of the Enlarged Share Capital).

16. ACTION TO BE TAKEN

Whether or not you propose to attend the EGM in person you are requested to complete the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be returned by post or by hand to Capita Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD or by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to arrive no later than 10h30 on 25 July 2007, whether or not you propose to be present at the EGM.

If you complete and return the Form of Proxy you may still attend and vote at the EGM in person should you decide to do so.

17. RECOMMENDATION

The Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the EGM as they themselves intend to do in respect of their beneficial interests in Ordinary Shares held directly or indirectly by them amounting, in aggregate, 35,550,000 Ordinary Shares representing approximately 8.5 per cent. of the Company's current issued ordinary share capital.

NOTES

The Directors and Proposed Directors accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Directors and Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

This announcement does not constitute an offer or an invitation to purchase any securities.

Ambrian Partners Limited, which is regulated and authorised in the United Kingdom by the Financial Services Authority, is acting exclusively for Pan African and no one else in relation to the matters described above and will not be responsible to anyone other than Pan African or providing the protections afforded to clients of Ambrian Partners Limited nor for providing advice in relation to any matter referred to in this announcement.

Sansara Financial Services (Pty) Limited and Sansara Independent Sponsor Services (Pty) Limited ("Sansara"), as corporate adviser and sponsor to Pan African, have advised Pan African on the

proposed acquisition of Barberton Mines and the proposed secondary dual listing on ALTX. Sansara is acting exclusively for Pan African and no one else in relation to the matters described above and will not be responsible to anyone other than Pan African nor for providing advice in relation to any matter referred to in this announcement.

ENDS

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