

Headline: Joint Venture - CAR
Released: 07:00 05-Oct-05
Number: 2155S

Pan African Resources

(“Pan African” or “The Company”)

Pan African Acquires an Interest in JV in the Central African Republic

Pan African Resources PLC (AIM:PAF) the African based gold exploration company announces that it has entered into a joint venture with International Mining Investments Ltd and Goldiam SARL to do exploration in the Central African Republic (“CAR”).

- Despite the CAR being relatively unexplored, a near-surface grassroots 2m oz greenstone gold deposit has recently been delineated in the country by another company
- Pan African and its partners exploration activity is being managed by Pangea Exploration (Pty) Ltd with a proven track record of discovering gold deposits of this nature
- The first phase of the exploration is underway

Pan African and International Mining Investments Ltd (a totally independent company from Pan African) will each hold a 45% contributory stake in the joint venture. The new joint venture through Goldiam SARL (which is Pan African's independent local joint venture partner and which holds 10% in the joint venture as a free carry for providing in country logistical services), has been granted an exclusive Exploration License (the Bogoin Exploration License) and three Reconnaissance Permits (the Dekoa, Bozoum and Baboua Permits) in accordance with the Country's new Mining Code. Goldiam SARL will serve as the legal operating entity for the joint venture in the CAR. Failure by either party to proportionately contribute to the joint venture will result in dilution proportionate to cash contribution.

Pan African and its partners hold title to 2 of the 4 known major greenstone belts in the CAR. These greenstone belts are part of the craton hosting the Kilo-Moto gold camp in the Democratic Republic of Congo, which has produced more than 10 million ounces of gold. The initial exploration activity is focusing on the Bogoin Exploration License where a number of shallow gold intercepts were made by GTZ (Deutsche Gesellschaft fur Technische Zusammenarbeit) in the early 1990's. Two of the best intercepts were 17,38g/t over 19m and 5.05g/t over 20m. These results were never followed up. A gold soil geochemical anomaly (also delineated by GTZ) with a strike extent of more than 1km, north of these intercepts is currently untested. The main target is banded ironstone-hosted gold mineralisation associated with major shear zones that also remains unexplored.

Recent exploration activity has shown that the Central African Republic despite being relatively unexplored is prospective for gold. A North American company has announced a grassroot discovery of a 2m ounce gold deposit in the CAR at Passendro circa 300 km east of the Company's Bogoin project and circa 150 km east of the Company's Dekoa project. Of significance is that the Company's two deposits at Bogoin and Dekoa outcrop on surface and are similar to greenstone-hosted deposits elsewhere in the world.

The company and its partners have an experienced geological team managed by Pangea Exploration (Pty) Ltd (“Pangea”) in place within the CAR and the first phase of the exploration program is well advanced. Pangea has a proven track record with regard to greenstone gold exploration in Africa, being responsible for the discovery of various gold deposits such as Tulawaka, Buzwagi and Golden Ridge in Tanzania.

A commission payment is due to Pangea Exploration (Pty) Ltd (“Pangea”) for introducing Pan African to the joint venture opportunity. The total commission becomes due in three annual installments of £105,000, which will only be payable for as long as Pan African remains part of the joint venture and subject to Pan African holding sufficient funds to both make each payment and fund the exploration activities required.

As the consideration potentially payable is both conditional and deferred, such consideration will be increased by the percentage that the price of any future fundraising prior to each payment, is above 1.75p per share at the time of each payment. Pan African has the right, but not the obligation, to settle such future payments by the issue of new shares in Pan African, priced at the same as the future fundraising price.

Pan African has the right to terminate the joint venture agreement at any time and will not incur any penalties for

doing so. Pan African currently has funds of £480,000 (including the proceeds from the share subscription as described below).

Separate to the joint venture agreement, Goldiam SARL has agreed to subscribe to 2,750,000 Pan African ordinary shares at a price of 2p per share for a total consideration of £55,000. The closing market-price of the Company's ordinary shares on 3 October 2005 was 2.38p.

"The company's involvement in the CAR is in line with delivering on our corporate strategy to enhance shareholder value by developing world class deposits in favourable areas of Africa." commented Jan Nelson, CEO of Pan African Resources.

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