

Regulatory Announcement

Company [Pan African Resources PLC](#)
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Headline Pan African exercises option on Phoenix Platinum
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Pan African Resources PLC

(`Pan African' or the `Company')

(Incorporated and registered in England and Wales under Companies Act 1985 with registered number 3937466 on 25 February 2000)

Share code on AIM: PAF

Share code on JSE: PAN

ISIN: GB0004300496

Pan African exercises option on Phoenix Platinum

Pan African today announces that it has exercised the option to acquire 100% of Phoenix Platinum (Pty) Limited ('Phoenix Platinum') from Metorex Limited ('Metorex') for a cash consideration of ZAR71,250,000 (£5,452,960). The amount paid for the option in February 2009 of ZAR10,184,600 (£779,456) together with outstanding liabilities of ZAR1,756,957 (£134,465) has been subtracted from the purchase price.

The Company exercised its option a month ahead of schedule after detailed sampling indicated that grades were better than expected from an earlier pre-feasibility study conducted by the seller, Metorex.

By exercising the option earlier and paying an upfront cash amount of ZAR44,801,000 (£3,428,744), the Company received a 5% discount on the original purchase price of ZAR75,000,000 (£5,739,957) as well as credit terms to pay the balance of ZAR14,507,443 (£1,110,295) on a pro rata basis over 12 months. The consideration will be settled through the Company's current capital working

cash flows.

The re-evaluation of 600,000 ounces of PGM ('Platinum Group Minerals') tailings sources indicated 4E* grades ranging from 1.11g/t to 4.18g/t. Initial results show that a recovery of 55% is possible. Total cash cost anticipated for the project is less than US\$350/oz.

In assessing the financial viability of the project, a basket price of US\$1,366 /oz has been used over the life of mine which is estimated to be seven years on current surface tailings, and 14 years, including current arisings.

Pan African also announces the appointment of Ron Holding as Operations Manager, who has more than 35 years' experience in all aspects of mining and mine management. He holds a Mine Manager Certificate of Competency as well as an NDT National Diploma (Mining Metalliferous) from Wits Technikon. Ron was instrumental in the development of the first Chrome Tailings Recovery Plant (CTRP) in the Kroondal area. Most recently, he has been responsible for managing the Phoenix platinum project on behalf of Metorex. His appointment will benefit Pan African's entry into the platinum business.

'Making this acquisition now and strengthening our team will enable us to bring the project into production sooner to accelerate our cash flow in line with our stated aim of focusing on near-term, high-yield, low-cost assets,' commented CEO Jan Nelson. 'We anticipate that at full production we'll recuperate the capital expenditure for this asset within 14 months.'

Metorex is a substantial shareholder in Pan African and therefore the acquisition of Phoenix Platinum constitutes a related party transaction as defined by the AIM Rules. The directors of Pan African (excluding Robert Still, Charles Needham and Maritz Smith who are also directors of Metorex), having

consulted with RBC Capital Markets (the Company's Nominated Adviser), consider that the terms of the transaction are fair and reasonable insofar as all shareholders of the Company are concerned.

ENDS

For further information on Pan African Resources and a presentation providing more detail on the Phoenix acquisition, please visit the website at

www.panafricanresources.com

* Gold, Platinum, Palladium, Rhodium

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