

Regulatory Announcement

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Statement re Earn-in Agreement
Released 07:00 20-Feb-08



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Headline Earn-in Agreement
Released 20 February 2008

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 Enters into an Earn-in Agreement for the Kyereboso Exploration Property in Ghana

Pan African Resources plc (AIM: PAF, Altx: PAN), the African based mining and exploration company, announces that it has signed an earn-in agreement with SEMS Exploration Services Limited ('SEMS') to acquire, in three stages a 90% interest in the licence rights of the Kyereboso Exploration Property ('Kyereboso') in southern Ghana.

Highlights of the transaction are:

- * Acquisition of a substantial exploration property in the vicinity of the largest gold producer in Ghana
- * Close proximity to Akrokerri Exploration project acquired June 2007
- * Advanced exploration play with major drill defined exploration targets

The exploration licence covers an area of 16km². Pan African also has access to a geological database collected over twelve years, comprising 1070m of mapped underground adits, soil and stream sampling grids, ground geophysics, three dimensional structural modelling and 2200m of RC and core drilling. Some of the highest grade intersections from historical holes drilled on the property include; 15,2m @ 2.3g/t, 11m @ 3g/t, 13.4m @ 2.3g/t, 31m @ 2.1g/t, 24m @ 5g/t, 3m @ 8.9g/t and 11m @ 3g/t. These intersections represent continuous mineralisation over runs of 100 to 250m down the several boreholes over a strike-length of 1.5km.

Pan African will pay SEMS US\$200,000 within ten days for an exclusive option to conduct exploration activity on the property for a period of 12 months (first exploration phase) and bear the annual costs of approximately US\$15,000 to keep the exploration licence in good standing. After completion of the first phase of exploration, Pan African shall be entitled, but not obliged, to proceed to the second exploration phase.

Upon completion of the first exploration phase, by which time the Company expects to have a robust geological model to assess the prospects of the project, Pan African will be granted another sole and exclusive right to explore the property for another 12 months. In consideration for this right, the Company shall pay SEMS the sum of US\$150,000 and issue SEMS 3,000,000 ordinary shares of 1p each, the attributed value of which is to be calculated based on the volume weighted average trading price on the AIM Market in the 30 day period preceding the date of issue.

Upon completion of the second exploration phase, and provided that the Company has not spent less than US\$1,000,000 the Company shall have earned an interest of 50%. Should Pan African have failed to incur a cost of US\$1,000,000 during the first two exploration phases and wishes to proceed to phase three, then the Company shall have the right, but not the obligation, to pay SEMS the balance in cash or shares or a combination of both.

Pan African can acquire a further 20% interest (total interest 70%) from SEMS up until the completion of a bankable feasibility study ('BFS') for a consideration of US\$400,000. Upon commencement of mine construction the Company can acquire a further 20% interest (total interest 90%) by paying SEMS 1,5% of the Net Present Value of the project as determined by the BFS, as well as granting SEMS a royalty of US\$5 per ounce of gold produced for the first 500,000 ounces, after which the royalty amount will be reviewed pending economic conditions. The remaining 10% interest in the project will be transferred upon the commencement of mining to the Ghanaian government as a free carry, as per Ghanaian mining legislation.

Jan Nelson, CEO of Pan African, said: 'The agreement signed to earn-in allows us flexibility to participate in a highly prospective area contiguous to the largest gold producer in Ghana, the Obuasi Gold Mine and our Akrokerri property, allowing for cost effective management of the project.'

ENDS

NOTES TO THE EDITOR

Martin Bevelander, Group Consulting Geologist for Pan African Resources, is SACNASP (South African Council for Natural Scientific Professions) accredited and was responsible for reviewing the historical geological data.

For further information on Pan African PLC, please visit the website at

www.panafricanresources.com

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