

Regulatory Story

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Statement re Operational Update
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Regulatory Announcement

Company Pan African Resources plc
TIDM PAF
Headline Operational Update
Released 8 April 2010

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

Operational Update

1. INTRODUCTION

Pan African is pleased to release an operational update providing production guidance for the second half of the Company's financial year 2010 ('2H2010') and an update on the significant progress that has been achieved with the Phoenix Platinum Mining (Pty) Limited ('Phoenix Platinum') project.

2. BARBERTON MINES

Although the results for the six months ended 31 December 2009 ('1H2010') had shown a decrease in gold production, largely due to a security operation at Barberton Mines (Pty) Limited ('Barberton Mines') to combat criminal mining activity, increased gold production is expected in 2H2010. The Company is pleased to report that the impact of new security measures, together with a renewed focus on mineral resources management and productivity initiatives, has resulted in an increase in expected gold production for 2H2010, and as a result Barberton Mines is now on track to produce 97,000 ounces of gold (318,000 tons at a head grade of 10.40 g/t) for the full financial year 2010 at a cash cost of less than ZAR165,000 per kilogram. The Company continues to focus on reducing the cost of additional security measures, consumables and electricity usage.

It is with regret that the Company reports a fatality at the Fairview section of Barberton Mines during 2H2010. As announced in the results for the six months ended 31 December 2009, Barberton Mines as a whole achieved 1.2 million fatality free shifts at the end of December 2009, and the Fairview section achieved 2 million fatality free shifts over a six year period ended 5 February 2010. Pan African is reviewing its Safety, Health, Environment and Community programme. The results of this review will be communicated to shareholders at

the Company's financial year-end results presentation, expected to be scheduled for early September 2010.

3. PHOENIX PLATINUM

Shareholders are referred to the announcement released on 19 February 2010 advising that Pan African had entered into an exclusivity agreement with International Ferro Metals SA (Pty) Limited ('IFM') ('Exclusivity Agreement') relating to:

- * the siting and construction of the Phoenix Platinum Chromite Tailings Retreatment Plant ('CTRP') on the IFM Mine Property; and
- * the potential acquisition of the 25% Net Profit Interest ('NPI') held by IFM in respect of the Platinum Group Metals contained in the IFM Lesedi operations tailings fraction treated through the CTRP.

The Exclusivity Agreement provides for Pan African and IFM to conclude a formal, detailed agreement relating to the CTRP and NPI elements during the period of the exclusivity ('Formal Agreement'), and fixes the total consideration for the CTRP site location and acquisition of the NPI at ZAR80 million (approximately £7.1 million), payable in cash ('Consideration').

The Consideration is payable in tranches as follows:

- * On conclusion of the Formal Agreement: ZAR25 million (approximately £2.2 million);
- * On commencement of the CTRP construction: ZAR25 million (approximately £2.2 million);
- * On commissioning of the CTRP: ZAR30 million (approximately £2.7 million).

Pan African is pleased to report that the site for the CTRP was agreed with IFM on 31 March 2010. The Company is now finalising specific detail relating to the infrastructure and services requirements prior to the commencement of the construction of the CTRP. This process is expected to be completed by the end of April 2010, after which detailed engineering design will be undertaken. The parties will thereafter conclude the Formal Agreement, at which time the first tranche of ZAR25 million (approximately £2.2 million) will become payable.

CTRP construction is anticipated to commence during June 2010 and first production is expected in the second half calendar year 2011.

The successful completion of the stages detailed above will result in Pan African producing approximately 15,000 ounces per annum of four Platinum Group Elements (Platinum (56.5%), Palladium (27%), Rhodium (16%) and Gold (0.5%). The expected life of the project is 17 years.

ENDS

For further information on Pan African Resources plc, please visit the website at www.panafricanresources.com

Enquiries:

Pan African Resources

Jan Nelson, Chief Executive Officer

+27 (0) 11 243 2900

Nicole Spruijt, Public Relations

+27 (0) 11 243 2900

RBC Capital Markets

Martin Eales / Brett Jacobs

+44 (0) 20 7029 7881

Macquarie First South Advisers (Pty) Limited

Melanie de Nysschen / Thembeke Mgoduso

+27 (0) 11 583 2000

St James's Corporate Services Limited

Phil Dexter

+44 (0) 20 7499 3916

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