

Regulatory Story

Company [Pan African Resources PLC](#)
TIDM PAF
Headline Statement re Phoenix Chrome Tailings
Retreatment Plant
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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 signs agreement to commence construction of processing plant to
produce platinum group metals concentrate

- * High margin, simple processing operation
- * Leverage off IFM's regulatory and legislative approvals and existing
infrastructure, accelerating the production date
- * Chrome Tailings Retreatment Plant (`CTRP') construction to begin
immediately with first production anticipated by end of 2011

Pan African announces that it has today concluded the formal Chrome Tailings
Retreatment Plant (`CTRP') agreement with International Ferro Metals SA (Pty)
Limited (`IFM'), that will enable Phoenix Platinum Mining (Pty) Limited
(`Phoenix'), Pan African's 100% owned subsidiary, to construct and commission a
CTRP on IFM's Lesedi Mine, in the Bushveld Complex in the North West Province,
50 km east of Rustenburg. The CTRP is a surface processing plant that extracts
Platinum Group Metals ('PGM 4E's'), comprising 60.9% platinum, 21.9% palladium,
16.9% rhodium and 0.2% gold, from chrome tailings. Construction of the CTRP
will begin immediately, with full production anticipated by end 2011.

Subsequent to the acquisition of Phoenix in May 2009, Pan African has
successfully completed a Definitive Feasibility Study (`DFS') of the project
with the assistance of a number of metallurgical, geological and engineering
consultants. An independent review of the DFS, was carried out by Venmyn Rand
(Pty) Limited which confirmed the technical and economical viability of the
project.

The Phoenix project has a total South African Code for Reporting of Exploration
Results, Mineral Resources and Mineral Reserves (`SAMREC') compliant resource
of 469,000 ounces PGM 4E's (4,646,000 tons at 3.15g/t PGM 4E's in situ). The
project is expected to produce 211,000 ounces PGM 4E's at a plant recovery of
45% over the 17 year life of the operation with a planned annual retreatment
capacity of 240,000 tons. The total capital cost required to construct and

commission the plant is estimated at ZAR104 million (£9.4 million), which Venmyn considers fair and reasonable in relation to similar type and size of operations. The capital cost for the plant will be funded from existing cash resources

Payment schedule

The consideration of ZAR80 million (£7.2 million), payable to IFM, will be funded from existing cash resources and payment will be made as follows:

- * ZAR25 million (£2.26 million) payable upon signature;
- * ZAR25 million (£2.26 million) on commencement of the first bulk earthworks on the site to prepare for construction of the CTRP, which is expected to be in January 2011;
- * ZAR500,000 (£0,05 million) to purchase the CTRP property, on the date of the property transfer; and
- * ZAR29.5 million (£2.67 million) on the commissioning of the CTRP, which is expected to be in late 2011.

Benefits to Pan African

The payment of ZAR80 million (£7.2 million) in phased tranches to IFM by Pan African will enable Phoenix to:

- * site and build the CTRP on IFM's Lesedi Mine;
- * leverage off IFM's existing mining permits and licences;
- * gain access to, and use of, existing infrastructure and services, substantially accelerating the commissioning of the project from three years to one year;
- * enable Phoenix to expand the 20,000 tons per month CTRP capacity to a potential 40,000 tons per month;
- * terminate the 25% net profit interest held by IFM in respect of the PGM 4E's contained in the Lesedi Mine;
- * purchase and own the property on which the CTRP has been built; and,
- * secure additional tailings resources as a result of the geographical location.

Pan African Chief Executive Officer, Jan Nelson, commented, 'This project is in line with our stated strategy of only developing low cost, high margin and long life projects. At a conservative PGM 4E's basket price of US\$1,250/oz, the project is anticipated to have a profit margin of over US\$850/oz with a cash cost of less than US\$400/oz. The completion of the CTRP will bolster our operating cash flows and enable our company to continue its policy of dividend payments without hampering further growth.'

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

Notes to Editors

The resource estimate has been compiled in accordance with the SAMREC Code. The data and the information contained in this announcement was verified and validated by Martin Bevelander the Group Consulting Geologist who is registered as Professional Natural Scientist and is SACNAS accredited (registration number 400158/07). He has consented to the inclusion of the technical information in this announcement in the form and context in which it appears.

Derick de Wit of Venmyn Rand (Pty) Limited (Pr. Tech. Eng., B. Tech (Chem. Eng), M.A.P (Wits) MSAIMM, MIASSA, MAusIMM) has consented to the inclusion of the technical information in this announcement in the form and context in which it appears.

Venmyn Rand (Pty) Ltd is an internationally focused, South African based, independent mining and minerals management advisor, specializing in the technical and economic evaluation of mineral projects and the strategic analysis of mining and mineral resource companies.

Glossary of terms

Current arisings are tailings material generated following the beneficiation of chromite ores extracted from mining

Tailings include tailings dumps and current arisings

SAMREC South African Code for reporting of Mineral Resources and Mineral Reserves

SACNAS The South African Council for Natural Scientific Professionals

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