

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your shares in Pan African Resources Plc (the “Company”), please send this document, together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding of shares in Pan African Resources Plc, please contact your stockbroker, bank or other agent through whom the sale was effected immediately.

Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who wish to attend the AGM should instruct their Central Securities Depository Participant (“CSDP”) or broker to issue them with the necessary Letter of Representation to attend the meeting in person, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Dematerialised shareholders in South Africa who are not own name dematerialised shareholders and who cannot attend but who wish to vote at the AGM should provide their CSDP or broker with their voting instructions, in the manner stipulated in the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

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**PAN AFRICAN RESOURCES PLC**

*(Incorporated in England and Wales with Registered Number 3937466)*

**Letter to Shareholders**

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*(Please note that all times quoted in this document are UK times unless otherwise stated)*

Notice of the ninth Annual General Meeting (the “AGM”) of the Company to be held at 12h00 on Monday, 22 December 2008 is set out in the Annual Report. A Form of Proxy for use at the AGM is enclosed in the Annual Report and should be completed in accordance with the instructions set out on the form and returned so as to reach the Company’s Registrar, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Kent, BR3 4TU or Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 21074, Johannesburg, South Africa) by no later than 12h00 on Saturday, 20 December 2008. Completion and return of the Proxy will not prevent you from attending and voting at the AGM in person, should you so wish.

**PAN AFRICAN RESOURCES PLC**  
*(Incorporated in England and Wales with Registered Number 3937466)*

*Directors:*

Keith Cousens Spencer (Chairman)  
Jan Petrus Nelson (Chief Executive Officer)  
Maritz Smith (Financial Director)  
Charles Denby Stockton Needham  
Anthony Simon Malone  
Robert George Still  
John Gavin Hopwood

*Registered Office:*  
6 St James's Place  
London  
England  
SW1A 1NP

28 November 2008

**Dear Shareholder**

**Annual General Meeting**

The ninth Annual General Meeting ("AGM") of the Company will be held at 12h00 on Monday, 22 December 2008, at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU. Full details of the AGM and the resolutions that will be put to shareholders are set out in the Notice of Meeting.

**Resolutions**

We are asking shareholders to approve the following resolutions at the AGM:

- 1) to receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditors' report for the year ended 30 June 2008;
- 2) to re-elect Robert Still as a director, who retires by rotation;
- 3) to re-elect Charles Needham as director, who retires by rotation;
- 4) to re-elect John Hopwood as a director, who was appointed during the period;
- 5) to re-elect Maritz Smith as a director, who was appointed during the period;
- 6) to appoint Deloitte & Touche LLP as auditors for a further year and to authorise the Directors to fix their remuneration;
- 7) to authorise the directors to issue relevant securities (as defined in the Companies Act 1985);
- 8) to disapply the statutory pre-emption rights on new issues of equity securities for cash;
- 9) to approve market purchases of Ordinary Shares; and
- 10) to approve the adoption of new Articles of Association in order to permit the Company to communicate with shareholders electronically and in order to make a number of minor consequential amendments required by the Companies Act 2006. An explanation of all of the changes to the Articles of Association is set out in the Appendix to this letter.

**Market purchase of Ordinary Shares**

In certain circumstances it may be advantageous for the Company to purchase its own shares. Resolution 9, which will be proposed as a Special Resolution, approves the purchase by the Company of up to 110,058,916 ordinary shares at a price not exceeding 5 per cent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase.

The Company does not yet have the profits available for distribution to purchase its own shares but wishes to have the necessary authority in place to make purchases of its own shares when it is permitted to do so by law. While the Board currently has no plans for share purchases, it wishes to retain the flexibility provided by Resolution 9. Should any share purchases be made, pursuant to Resolution 9, it is intended that the shares would be held in treasury, subject to the limit imposed by law. In future, to the extent that such limit is exceeded, treasury shares will be cancelled.

No dividends are paid on and no voting rights attach to treasury shares. Any treasury shares sold by the Company will count towards the number of shares which, if Resolution 9 is passed, may be issued without first offering them to existing shareholders.

The Directors will use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. The Directors will only purchase such shares after taking into account the effects on earnings per share (excluding items not related to underlying business performance) and the benefit for shareholders.

The resolution specifies the maximum number of shares which may be acquired and the maximum and minimum prices at which they may be bought.

**Action to be taken**

A Form of Proxy for use at the AGM is enclosed in the Annual Report. Whether or not you intend to be present at the AGM, you are asked to complete, sign and return the Form of Proxy to the Company's Registrars, Capita Registrars Limited, Proxies Department, The Registry, 34 Beckenham Road, Kent, BR3 4TU or Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, Johannesburg, 2107 South Africa) as soon as possible but in any event so as to arrive no later than 12h00 United Kingdom time / 14h00 South African time, on Saturday, 20 December 2008. The completion and return of a Form of Proxy will not preclude you from attending the AGM and voting in person should you wish to do so. Accordingly, whether or not you intend to attend the AGM in person, you are urged to complete and return the Form of Proxy as soon as possible and by no later than 12h00 United Kingdom time / 14h00 South African time, on Saturday, 20 December 2008.

The results of the voting on the resolutions will be posted on the Company's website after the AGM.

## **Recommendation**

Your Directors are of the opinion that all resolutions which are to be proposed at the AGM are in the best interests of the Company and its shareholders and therefore unanimously recommend that you vote in favour of the resolutions.

The Directors and persons connected with them intend to vote in favour of the resolutions in respect of their holdings, in aggregate, of 639,342,010 Ordinary Shares (representing 58.09 per cent of the issued ordinary share capital of the Company).

Yours sincerely



Keith Spencer  
Chairman

## **APPENDIX**

The proposed new Articles of Association (the 'New Articles') reflect those provisions of the Companies 2006 Act (the '2006 Act') which have now been brought into force. In addition to the modifications following from the 2006 Act, it is also proposed that some amendments to the Articles of Association be adopted to reflect previous changes in legislation or to ensure consistency with the 2006 Act.

Set out below is a summary of the main amendments to be introduced by the proposed new Articles of Association. This summary has been prepared in order to assist shareholders in understanding the rationale for and substance of the proposed amendments. Although the new Articles of Association are wholly new, the content in many respects remains largely the same as the current Articles of Association. The Directors recommend that shareholders pass a resolution to adopt new Articles of Association rather than to pass resolutions detailing each individual amendment in accordance with the Guidance on Electronic Communications with Shareholders 2007 issued by the Institute of Chartered Secretaries and Administrators.

The number used below to identify each article, unless otherwise indicated, corresponds to the numbering used in the Company's current Articles of Association.

### **1. Definitions (Article 2)**

Article 2 is amended as follows:

New definitions of "CA 1985", "CA 2006" and "the Acts" are inserted to cater for the fact that the 2006 Act is being brought into force and the Act is being repealed in stages between January 2007 and October 2009. Consequential amendments are made throughout the New Articles to reflect the inclusion of these new definitions.

The definition of "Electronic Communication" is deleted, as the previous definition related to provisions in the CA 1985 which have been repealed in January 2007. Instead, the definition of "Electronic Form" is inserted to reflect the new terms under the CA 2006.

A new definition of "address" is inserted. As well as the ordinary meaning of the word "Address" also means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means. This definition corresponds with the relevant definition of "address" in the CA 2006 and is inserted because the term is used frequently in the new Articles of Association.

Further amendments to Article 2 clarify that the documents and information which are sent electronically or placed on a website by the Company are "in writing" for the purposes of New Articles.

### **2. Notice of General Meetings (Article 47)**

Article 47 is amended to stay in line with the provisions of the CA 2006 regarding notice periods for general meetings.

The CA 2006 reduces the minimum notice period for all general meetings (with the exception of annual general meetings) to 14 (fourteen) clear days and the amendments to Article 47 allows the Company to take advantage of such provisions.

### **3. Proxies (Articles 75 to 80)**

The articles are amended to reflect the position under the CA 2006 that a Shareholder may appoint more than one proxy in relation to a meeting.

### **4. Adjournment (Article 49)**

The provisions on adjournment have been updated to authorise the chairman to adjourn the meeting, without the consent of the meeting, if such an adjournment is, in the chairman's opinion, necessary to ensure that there is sufficient room for all Shareholders and proxies who wish to attend, to preserve orderly conduct of the meeting, to protect the safety of any person attending or to ensure the business of the meeting can be properly carried out.

### **5. Security of general meeting (Article 49)**

Proposed New Articles 76 and 77 are included in the proposed New Articles to allow for appropriate security measures to be taken in order to secure the safety of the people attending a general meeting and enable arrangements to be made to allow simultaneous attendance of the general meeting at satellite meeting places.

### **6. Electronic Proxies (New Articles 84 and 85)**

The CA 2006 provides that when a company has given an electronic address in a notice of meeting or form of proxy, it is treated as having accepted that a communication in relation to that notice of meeting or form of proxy can be sent to that electronic address. Articles 84 and 85 in the proposed New Articles are inserted to enable the Company to receive appointments of proxies in electronic form subject to the conditions or limitations which are specified in the notice of meeting.

7. ***Corporate representatives (Article 75 to 80)***

Articles 75 to 80 are amended in line with the provisions of the CA 2006. Under the CA 2006, multiple corporate representatives may be appointed, but if they purport to exercise their rights in different ways, then the power is treated as not being exercised.

8. ***Disclosure of Interests in Shares (New Articles 91 and 92)***

The provisions relating to the disclosure of interests in shares contained in the CA 1985 including section 212 on company investigation powers, were repealed in January 2007. Provisions of the CA 2006, which contain the corresponding company investigation powers previously contained in section 212, were brought into force simultaneously. Articles 91 and 92 are amended to reflect the replacement of the old provisions with the new.

The definition of “approved transfer” in New Article 92 is amended to refer to the definition of “takeover offer” set out in section 974 and Part 23 of the CA 2006 to replace the definition in the CA 1985. This is because the definition in the CA 1985 was repealed and replaced by that in the CA 2006 in April 2007.

9. ***Notices and Electronic Communication by the Company (New Articles 189 to 196)***

New Articles 189 to 196 are proposed in line with CA 2006 to provide the Company with a general power to send or give any notice, document or information to any Shareholder by a variety of methods such as in person, by post or in electronic form (such as by email), or by making it available on the Company’s website depending on the individual Shareholder’s preference. In addition to any notice, document or information which is specifically required to be supplied under the CA 2006 or the Articles of Association, Articles 191 to 198 will also allow the Company to send any other document or information to Shareholders by the variety of methods described above.

If the Company gives any notice or sends any document or information to its Shareholders by making it available on the Company’s website, it must comply with the requirements of the CA 2006 and the new notice provisions in the Articles.

The Company will be able to ask each individual Shareholder for his or her consent to receive communications from the Company via its website. If the Shareholder does not respond to the request for consent within 28 days, the Company may take that as consent by the Shareholder to receive communications in this way. When the Company makes a document available on its website, it must notify each Shareholder who has consented (or is deemed to have consented) to receive documents via the website, either by post or by email (if the Shareholder has previously provided their email address), that the document has been made available on the website. A Shareholder who has received a document electronically can request a hard copy of any document at any time.

Shareholders can also revoke their consent to receive electronic communications at any time.

Article 196.4 in the proposed New Articles deals with the case of joint holders of shares and provides that the agreement of the first named holder on the register of shareholders to accept notices, documents or information electronically or via a website will be binding on the other joint holders.

Article 196.5 in the proposed New Articles is to cater for situations where the provision of corporate information in electronic form may amount to a breach of securities laws of another jurisdiction. The effect of this new Article is to permit the Company not to give or send any notice, document or information to a Shareholder whose registered address is not within the UK unless that Shareholder has given a non electronic address within the UK.

10. ***Communication to the Company (New Articles 197 to 201)***

New provisions have been added to the Articles in order to clarify the methods by which Shareholders can communicate with the Company. This is extended (from hard copy documents or information sent or supplied by hand or by post) pursuant to the new electronic communication provisions in the CA 2006 to include electronic communication to an address specified for the purpose by the Company for the purposes of receiving such communication.

11. ***Indemnity (Article 161)***

The provisions relating to the indemnity of directors and other officers are amended in line with the CA 2006 to extend the scope of potential indemnities which may be granted to directors of pension trustee companies. Under section 235 of the CA 2006, a director of a pension trustee company can be indemnified by the pension trustee company itself or an associated company against liability incurred in connection with the Company’s activities as a trustee of the scheme. The indemnity cannot extend to liabilities to pay criminal or regulatory fines or to defending criminal proceedings in which the director is convicted.