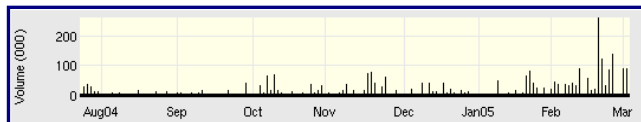
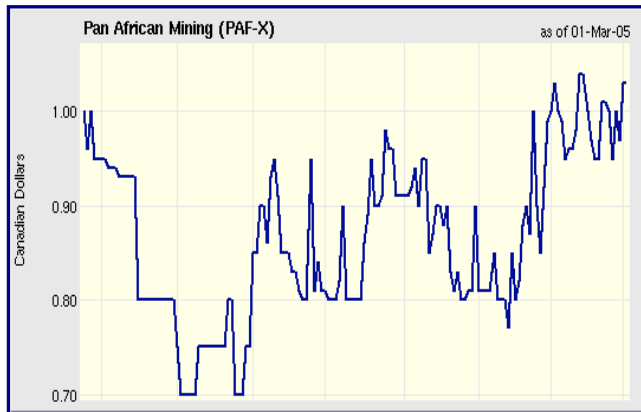


Goldletter INTERNATIONAL

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Special Situation



Pan African Mining Corp. (Cdn\$1.03)

Trading Symbol -	TSX Venture Exchange	: PAF
H+L prices (12 months)		: Cdn\$ 1.06 - 0.70
Issued Capital		: 15.7 million shares
Options/warrants (averaging Cdn\$ 1.00 p/s)		: 5.0 million
Market capitalization		: Cdn\$ 17.3 million

Company profile

Pan African was incorporated in October 2002 and has offices in Vancouver and Antananarivo, Madagascar's capital city. July 2004, the Company completed its initial public offering (IPO). The offering consisted of 6 million units at a price of Cdn\$ 1.00 per unit for aggregate gross proceeds of Cdn\$ 6.0 million.

Under the presidency of Irwin Olian, an entrepreneur with a strong background in finance and law, Pan African assembled a strong team of international geologists, including Andre J. Audet, formerly chief geologist at the Dome Mines Group's Sigma Mine in Quebec, Canada and Greg Sparks, formerly vice-president development of Echo Bay Mines. Recently, Edward A. Schiller, who headed up Dia Met's drilling program leading to the Ekati discovery in Canada, has come aboard as a senior consultant, joining experienced South African diamond geo Jessica Schloemann, who heads up the Company's diamond program.

Pan African Mining focuses on 12 gold properties in Madagascar, encompassing nearly 10,000 square kilometres of mineral claims. In addition, the Company has some base metal properties (chrome, nickel, copper) and a diamond exploration program as well as a precious stone program.

MADAGASCAR, very mineral rich democratic country

Madagascar, situated in the Indian Ocean east of Mozambique, is the 4th. largest island on earth and has a population of 16 million. Formerly an independent kingdom, Madagascar became a French colony in 1896, but regained its independence in 1960. In 2002, Marc Ravalomanana took office as new president following free democratic elections, and his has acted as a catalyst encouraging foreign investment in Madagascar, including \$ 4 million from the World Bank.

A new mining investment law was drafted in Washington, DC that provides tax and legal stability for 25-30 years. It has favourable corporate tax rates as low as 10%, free repatriation of funds and an international dispute arbitration.

Madagascar is a very mineral rich country with an extensive history of mining.

Overview of projects

❖ Dabolava Project

The A2 property ("The Dabolava Property") consists of 292 square blocks in 19 permits, covering 1,825 square km and is situated in the provinces of Toliary and Antananarivo. Most of the ground consists of contiguous holdings. Mineral titles are held under research permits valid for a 10-year (renewable) term.

The Dabolava region has had a long a productive life as a gold producing area. Mining companies worked surface concentrations of gold using unsophisticated methods that provided quick financial returns with a minimum of investment. Activities relating to World War II, the low price of gold in the 50's and 60's and uncertainties caused by the country's struggle for political independence discouraged exploration. There is no evidence that companies active in the Dabolava area used diamond drilling for bedrock exploration.



Mineralization occurs in quartz veins ranging from a few centimetres to a metre in width and often extends for over a kilometre. Grades, in summary reports on early to mid 20th. Century production range between 10 and 30 g/t gold. Samples from the Company's "Mountain of Gold" project area ranged from 3.23 g/t gold to 45.45 g/t gold and support the reported historic grades. The Company has just completed in excess of 800 metres of trenching and 10 km. of access roads in the project area, in anticipation of its upcoming diamond drilling program.

The BRGM conducted limited exploration in the Dabolava area during the 1970's and 80's. After the 1988 exploration campaign no formal exploration has been done in the area.

The 1984 reconnaissance work focused on both the bedrock and alluvial potential for the area. The Ambohipisaka-Ankotrofotsy structure was recognised as four parallel mined-out trenches, having a total width of 70 metres and a strike length of 1,500 metres. Narrow gold bearing veins following these margins of pegmatite dykes and five of these systems were worked in the past. The sampling did not identify significant gold anomalies.

A second mineralised system, the Ankabkoaka-Takodara axis, was traced as a series of narrow trenches and pits for more than 2 kilometres.

The 1985 and 1986 program covered more than 200 square kilometres with 736 samples analysed for gold. The silt survey produced anomalous locations considered worthy of additional testing. A small soil sampling program consisting of 390 samples on a 50-metre grid conducted on the Dabolava mine site near Ambohipisaka, produced two significant anomalies. The 1987 detailed soil and auger-sampling program focused on the old Dabolava workings, the coincident crosscutting geochemical anomalies and the magnetic anomalies recognised earlier.

A large number of auriferous quartz veins and stringers occur in the Dabolava Project area. The BRGM demonstrated that additional targets can be generated using simple stream geochemical methods. The region offers potential for underground development of parallel quartz vein and stringer zones. Several of these are known and will be delineated and it is expected that more can be identified through regional exploration.

A preliminary program of geological, geochemical and geophysical surveying and trenching has now been completed to assist in definition of priority sites for the upcoming drill program, which is anticipated to encompass approximately 2000-3000 metres of diamond drilling. The Company recently concluded a high resolution aero-magnetic survey of the project area. It is noteworthy that the interpretation was made by geophysicist Terry J. Crebs of Colorado, of Voisy's Bay fame. The interpretation is consistent with the Company's geologic model as developed through its groundwork.

The Stage 1 programs are estimated to cost Cdn\$ 1.25 million over a period of approximately six to nine months. The A2 project area is relatively dry and the work program can be conducted throughout the year. Contingent on success of the initial phase of exploration and drilling, a Stage 2 program will add a further 2,000 to 3,000 metres of diamond drilling. The Stage 2 program is estimated to cost an additional Cdn \$ 1.25 million.

❖ **Andavakoera Project**

The A5 property ("The Andavakoera Property") consists of 308 square units in 3 contiguous permits covering 1,925 square km and is located east of Ambilobe. Mineral titles are held under research permits valid for a 10-year (renewable) term.

Gold was discovered in the Betsiaka-Andavakoera district in 1906. This was one of Madagascar's main gold mining centres in the early 20th. Century with most of the production derived from surfaced enriched lag deposits.

Total declared production from 1906 to 1941 amounted to nearly 7,350 kg of gold with less than a quarter extracted from underground. Since 1941, small-scale mining by local inhabitants has continued but total production is not known.

Beginning in 1949, and intermittently through the 1950's and 1960's, BUMIFOM (Bureau Minier de la France Outre-Mer) and its successor BRGM, conducted small exploration programs. This work focused on gold and base metals along the Andavakoera structure and adjacent Paleozoic and Mesozoic sediments.

A stream prospecting survey completed in 1968 produced a number of interesting gold anomalies, but the results did not receive follow up.

In 1986 and 1987 BRGM work consisted of detailed geological mapping and soil geochemical surveys. Strong surface gold anomalies were found. One anomaly averaged 2 g/t gold over an area measuring 200 by 400 metres. In 1988, work on the Korimalandy grid south of Betsiaka, consisting of 12 shallow diamond drill holes and hand-auger holes, confirmed a broad zone of anomalous gold.

Permian sediments to the west of Betsiaka have many features of Carlin-type gold mineralization and should be prospected for fine-grained gold in carbon bearing rocks. Potential for stratisform lead-zinc mineralization is overlying Triassic strata, suggested by BRGM, warrants further evaluation.

A Stage 1 program of geological, geophysical and geochemical prospecting to select areas of the south-west part of the Andavakoera project area for grid geochemical and magnetic-VLF-EM surveys and overburden drilling is recommended.

The program is estimated to cost Cdn\$ 500,000 and requires 60-90 days to complete. Contingent on the success of the initial phase of exploration and definition of appropriate targets, Stage 2 trenching and overburden drilling should be used to target 1,500 metres of diamond drilling. The Stage 2 program is estimated to cost Cdn\$ 750,000 and should be completed during the dry season. The Company anticipates commencement of its work programs on A5 during 2005.

❖ **Andramasina Project**

The B7 property ("the Andramasina Property") consists of 60 contiguous square units in 5 Research Permits and covers 375 square km. The property is located 45 km east of Antsirabe.

The region has been actively explored and mined since the late 1800's and several mining companies were active in the region during the early to mid-20th century. Gold was discovered at the headwaters of the Mania River system in 1888. During the French colonial period, several small companies and entrepreneurs mined gold from extensive alluvial deposits and from quartz veins in bedrock.

The B7 permit lies within a corridor of gold mineralization that produced extensive placer deposits on properties located along the corridor to the north and south. Several placer deposits are reported to have been associated with gold bearing quartz veins in bedrock. Gold mineralization in the area is widespread and similar in setting to the better-documented properties along the favourable corridor. Quartz veins and stringer zones are present on the property and there is a potential for bulk mineable mineralization in bedrock associated with alluvial and eluvial gold. Initial exploration should focus on regional stream geochemical surveys and a study of mineral occurrences and old workings. Targets selected should be the subject of grid geological, geochemical and geophysical surveys and selective overburden drill to define areas for success contingent diamond drilling.

A Stage 1 program of silt geological survey and occurrence examinations to be conducted over the entire B7 project area is recommended. The initial geological prospecting should concentrate on areas of gold workings and mineral inventory occurrences. Occurrences considered to have merit should be explored by grid geological, geochemical and geophysical prospecting to select areas from trenching and overburden drilling. The Stage 1 exploration program, estimated to cost Cdn\$ 500,000 should be used to target 1,500 metres of Stage 2 diamond drilling over a 60-90 day period. The B 7 project area is relatively dry and work programs can be conducted throughout the year.

The success contingent Stage 2 of further trenching and overburden drilling and an initiated 1,500 metres of diamond drilling is estimated to cost Cdn\$ 750,000. The Company anticipates commencement of its work programs on B 7 during 2005.

❖ **Diamonds**

Madagascar is also emerging as a target for diamond exploration. Pan African has acquired permits covering in excess of 3,000 square kilometres of areas it deems prospective for diamond exploration. The Company has commenced a preliminary diamond program, under the direction of South African diamond geologist Jessica Schloemann. Edward A. Schiller has joined as a Senior Consultant.

Madagascar has had very little systematic exploration for kimberlites. To date, no discoveries have been announced. There is evidence to suggest that diamondiferous kimberlites or related rocks may be present on the island. Two very large, gemstone quality diamonds were recently purchased by Diamond Fields International from alluvial sapphire miners in the southern region of Madagascar, which weigh 23.82 and 8.39 carats respectively.

According to government data, a number of other diamonds have been recorded in Madagascar over the past century.

The program for the first year of diamond exploration intends to collect data with a view toward a National Instrument 43-101 technical report on the property. Thereafter Pan African intends to undertake a full reconnaissance and follow-up sampling program of one of its prime target areas. Depending on the outcome of the initial sampling results and exploration, aeromagnetic surveying may be undertaken. Thereafter, an area of approximately 1,000 square km will be selected as the primary focus area.

After analysis of the first phase program estimated to take approximately 6 months, a second phase program will be delineated to further investigate areas of interest.

Pan African expects to expend up to Cdn\$ 500,000 on an initial exploration program, on its prospective diamond properties.

The Company commenced its First Phase stream sampling program this fall and announced the discovery of kimberlite indicator minerals from the first samples tested. This suggests their program is certainly on track.

❖ **Chrome**

Madagascar began its first chrome mining operation in 1969 and the country has been mining and exporting high-grade chrome since. The country has numerous chrome rich regions, and from perusal of the archival database, there are numerous potential chrome projects within the country which warrant evaluation.

The Andriamena chrome region, located at the southern end of the Tsaratanana Mineral Field, has been Madagascar's leading chrome producing region.

Pan African has secured 100% tenure over 111 square miles (approximately 700 square kilometres), located immediately to the north, west and south-west from Kroamita's Andriamena mining operation.

The Maevatanana project area licences contain numerous chrome anomalies and this project is considered prospective for the occurrence of economic chrome mineralization.

The Befandriana Chrome Belt is Madagascar's other highly prospective chrome region. It is within this belt that Pan African has secured 100% tenure over two highly prospective chrome projects, namely the Zafindravoay Chrome Project and the Beriana Chrome Project. These projects have concentrations of chromite ore among the world's richest, in some areas ranging as high as 55% Chromite. Zafindravoay was a commercial open-pit mine which operated until 1987, when it was closed due to political issues and poor price conditions in the world market. The Government of Madagascar has expressed interest in reopening this operation with the Company.

Both the Zafindravoay Chrome Project and the Beriana Chrome Project hold potential for the presence of additional metal credits, in particular nickel, cobalt and platinum group metals.

Pan African intends to assess the extent and commercial viability of the deposits in 2005. At the end of 2004, Pan African retained the services of Francois Lampietti, an economic geologist with 35 years of world-wide experience, to evaluate the tenor and viability of the chromite deposits on the Company's permits.

❖ **Uranium**

Recently, Pan African announced that it had entered into a preliminary agreement with l'Office des Mines Nationales et des Industries Strategiques ("OMNIS"), for the establishment of a joint venture with respect to exploration, development and exploitation of certain prospective uranium properties in Madagascar.

In accordance with the terms of the agreement, Pan African is proceeding with the organisation of a new operating subsidiary in Madagascar named PAM Atomique Sarl, which will be 20% owned by the Malagasy State through OMNIS.

OMNIS is granting Pan African exclusive rights to conduct exploration, development and exploitation on mining permits controlled by the Company with four specified perimeters in Madagascar, namely, Tranomaro, Folakara, Faratsiho and Makay.

Within these perimeters Pan African controls some 9,000 square kilometres in aggregate, although known uranium occurrences are confined to a much smaller area.

Included within the licence area of the four perimeters are sites of historic uranium production by the French, as well as known uranium occurrences and in some cases historic uranium resources.

The French Commissariat à l'Energie Atomique ("CEA") exploited uranium from the regions of Folakara and Tranomaro during the period from the late 1930s through the 1950s, until market and political conditions caused a shift in French production to other countries including Niger and Gabon.

Among well-known historic mining sites within the Company's licence area are the villages of Folakara C.E.A. and Ambindrakely.

Financing

The Company presently has approximately Cdn\$ 5.0 million in the bank and no debt. It has sufficient capital to meet its needs for the next two years. Any additional funding will be related to expansion of its exploration program and project finance.

Investment recommendation:

Since we have been following Pan African as a Special Situation (November 2004), the share price increased 31%.

The convergence of a top team of international geologists, a strong corporate team and promoter, a large, diversified portfolio of high quality exploration properties in one of the world's mineral rich countries, heretofore underexplored and underexploited, suggest strong upside potential with significantly less risk than typically would be associated with an early stage exploration company.

The commencement of diamond drilling on its high-profile "Mountain of Gold" project in the Dabolava claim block, together with early success in results from its diamond exploration program and whispers of a claims rush in key areas surrounding certain of the Company's diamond claims, suggest the possibility of a big upside surprise in either or both of these programs in the near term.

Finally, the recent uranium joint venture with OMNIS, a government agency of the Malagasy State, enhances the potential for success, which could fuel sharp upside moves in the Company's shares.

Next price objective: Cdn\$ 1.50