

**PAN AFRICAN MINING CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2006 AND 2005**  
**(Expressed in Canadian Dollars)**



## AUDITORS' REPORT

To the Shareholders of  
Pan African Mining Corp.

We have audited the consolidated balance sheets of Pan African Mining Corp. as at September 30, 2006 and 2005, and the consolidated statements of loss and deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada.

December 7, 2006

"Morgan & Company"

Chartered Accountants

# PAN AFRICAN MINING CORP.

## CONSOLIDATED BALANCE SHEETS

(Expressed in Canadian Dollars)

	SEPTEMBER 30	
	2006	2005
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 6,062,416	\$ 5,331,269
Amounts receivable	2,596	2,240
GST receivable	20,731	13,261
Prepaid expenses	90,940	70,200
	<u>6,176,683</u>	<u>5,416,970</u>
Investment (Note 3)	1	-
Plant And Equipment (Note 4)	670,999	148,404
Resource Property Costs (Note 5 and Schedule)	<u>6,527,820</u>	<u>3,407,915</u>
	<u>\$ 13,375,503</u>	<u>\$ 8,973,289</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 133,672	\$ 97,567
Due to related parties (Note 6)	28,586	5,999
	<u>162,258</u>	<u>103,566</u>
Non-Controlling Interest	2,252	-
	<u>164,510</u>	<u>103,566</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 7 (b))	16,092,951	8,629,874
Share Subscriptions (Note 7 (b)(ii))	-	1,875,000
Contributed Surplus	647,810	696,216
Deficit	<u>(3,529,768)</u>	<u>(2,331,367)</u>
	<u>13,210,993</u>	<u>8,869,723</u>
	<u>\$ 13,375,503</u>	<u>\$ 8,973,289</u>

Commitments (Notes 5 and 10)

Approved on Behalf of the Board:

"Irwin A. Olian"

Director

"Limor Rubin"

Director

The accompanying notes are an integral part of these consolidated financial statements.

# PAN AFRICAN MINING CORP.

## CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

(Expressed in Canadian Dollars)

	YEARS ENDED SEPTEMBER 30	
	2006	2005
<b>Expenses</b>		
Amortization	\$ 31,539	\$ 30,062
Automobile	27,179	43,528
Bank charges	16,135	12,883
Filing fees	39,170	32,133
Investor relations	198,476	97,580
Management fees	240,781	294,781
Office, postage, and miscellaneous	86,782	108,688
Printing and reproduction	5,813	3,907
Professional fees	76,745	76,227
Rent	79,258	67,028
Stock based compensation	214,546	127,198
Trade shows and seminars	45,080	26,587
Telephone and utilities	61,624	26,044
Travel	94,114	83,598
Wages and benefits	107,333	87,807
Foreign exchange loss	75,896	25,720
	(1,400,471)	(1,143,771)
<b>Loss Before Other Income</b>		
Rental Income	27,676	16,126
Interest Income	174,394	63,724
	(1,198,401)	(1,063,921)
<b>Net Loss For The Year</b>		
Deficit, Beginning Of Year	(2,331,367)	(1,267,446)
	\$ (3,529,768)	\$ (2,331,367)
<b>Deficit, End Of Year</b>		
	\$ (0.06)	\$ (0.07)
<b>Basic and Diluted Loss Per Share</b>		
<b>Weighted Average Number of Common Shares Outstanding</b>	20,299,268	16,092,742

The accompanying notes are an integral part of these consolidated financial statements.

# PAN AFRICAN MINING CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	YEARS ENDED SEPTEMBER 30	
	2006	2005
<b>Cash Provided By (Used For)</b>		
<b>Operating Activities</b>		
Net loss for the year	\$ (1,198,401)	\$ (1,063,921)
Items not affecting cash:		
Amortization	31,539	30,062
Stock based compensation	214,546	127,198
	<u>(952,316)</u>	<u>(906,661)</u>
Changes in non-cash operating working capital:		
Amounts receivable	(356)	(2,240)
GST receivable	(7,470)	1,916
Prepaid expenses	(20,740)	(47,793)
Accounts payable and accrued liabilities	36,105	53,813
Due to related parties	22,587	5,999
	<u>(922,190)</u>	<u>(894,966)</u>
<b>Investing Activities</b>		
Resource property costs, net of \$126,923 (2005 – \$167,802) in stock based payments	(2,880,379)	(1,923,080)
Additions to plant and equipment	(664,485)	(119,939)
Investment in private company	(1)	-
	<u>(3,544,865)</u>	<u>(2,043,019)</u>
<b>Financing Activities</b>		
Issue of common shares	5,198,202	1,596,007
Share subscriptions	-	1,875,000
	<u>5,198,202</u>	<u>3,471,007</u>
<b>Increase In Cash and Cash Equivalents</b>	<b>731,147</b>	<b>533,022</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>5,331,269</b>	<b>4,798,247</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 6,062,416</b>	<b>\$ 5,331,269</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>Supplemental Disclosure of Non- Cash Investing and Financial Activities</b>		
Warrants issued as finders' fees at fair value pursuant to private placements; 2006 - 60,000 warrants (2005 – 120,000 warrants)	\$ 32,800	\$ 29,500

The accompanying notes are an integral part of these consolidated financial statements.

# **PAN AFRICAN MINING CORP.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

(Expressed in Canadian Dollars)

#### **1. NATURE OF OPERATIONS**

The Company is incorporated under the laws of the Province of British Columbia, and commenced operations, on March 2003. On July 23, 2004, the Company became a public company listed on the Toronto Stock Venture Exchange (the "Exchange"), trading under the "PAF.V" symbol. On June 28, 2005, the Company's common shares were listed on the Frankfurt Stock Exchange under the symbol "P2A".

As its principal business, the Company and its subsidiaries acquire, explore and develop mineral properties in areas of Africa deemed to have relatively high potential for mining success and relatively low political risk. The Company business plan is to engage in these mining activities on a long-term basis.

During the year ended September 30, 2006 the Company incorporated two new subsidiaries, PAM Botswana (PTY) Ltd. a 99% owned subsidiary in Botswana, and Wisteria Investments Eighteen (Proprietary) Limited, a 100% owned subsidiary in Namibia. The Company is planning to evaluate potential prospective diamond properties in both countries and to acquire potential claims through these subsidiaries.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. As the Company does not yet have cash flow from operations, it must rely on equity financing to fund operations. The Company's main source of funding has been the issuance of equity securities for cash, through private placements to sophisticated investors and through public offering to institutional investors.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Basis of Presentation and Principles of Consolidation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its 98% owned subsidiary, PAM Madagascar S.A.R.L., ("PAMM"), its 79.8% owned subsidiary PAM Atomique S.A.R.L., ("PAMA"), its 99% owned subsidiary, PAM Botswana (Pty) Ltd., and its 100% owned subsidiary, Wisteria Investments Eighteen (Proprietary) Limited.

# **PAN AFRICAN MINING CORP.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

(Expressed in Canadian Dollars)

#### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### b) Variable Interest Entities

The Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline 15, "Consolidation of Variable Interest Entities", to provide accounting guidance related to variable interest entities ("VIE"). A VIE exists when the entity's equity investment is at risk.

When a VIE is determined to exist the guidance requires the VIE to be consolidated by the primary beneficiary. The Company adopted the Guideline effective May 1, 2005 and has determined that it does not have a primary beneficiary interest in VIEs.

##### c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses for the periods reported. Actual results could differ from these estimates. Significant estimates and assumptions include those related to the recoverability of costs on its resource properties; the estimated useful lives of equipment, determination as to whether costs are expensed or capitalized, asset retirement obligations and stock based compensation valuations.

##### d) Fair Value of Financial Instruments

The Company's financial instruments comprise cash and cash equivalents; GST receivable; amounts receivable; accounts payable and accrued liabilities, and amounts due to related parties. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

##### e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments that are readily convertible to known amounts of cash and accrued interest with maturities of no more than ninety days.

##### f) Investments

i) Investments in short-term financial instruments held for investing or other purposes and investments in marketable securities are carried at the lower of cost or market.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### f) Investments (Continued)

- ii) Long-term investments in entities where the Company does not exercise significant influence over the investees operating, investing and financing policies are accounted for using the cost method whereby the Company's investment is recorded at its original cost and earnings from the investment are recognized as other income in the consolidated statement of loss and deficit to the extent revenue is received or receivable. Where there has been a permanent decline in value, the investment is stated at net realizable value.
- iii) Investments in entities over which the Company exercises significant influence are accounted for using the equity method whereby the Company's investments are recorded at its original cost and the Company's share of net income (loss) is recognized in the consolidated statements of loss and deficit with a corresponding adjustment to the investment account.

Investments are written down when there is clear evidence that a decline in value that is other than temporary has occurred.

##### g) Resource Property Costs

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as the properties are brought into production, at which time they will be amortized against production, or until the prospect is sold or abandoned at which time they are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of permits and the potential for problems arising from government conveyance accuracy; prior unregistered agreements or transfers; native land claims; confirmation of physical boundaries, and title may be affected by undetected defects. The Company does not carry title insurance. The Company has evaluated title to all of its resource properties and believes, to the best of its knowledge, that evidence of title is adequate and acceptable given the current stage of exploration.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g) Resource Property Costs (Continued)

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its resource property costs. Impairment losses or write-downs are recorded in the event that the net book value of such assets exceeds the estimated indicated future cash flows attributable to these assets.

##### h) Amortization

The Company amortizes its plant and equipment over their estimated useful lives as follows:

Computer hardware and software	Straight line method over a period of 2-3 years
Field Equipment	Straight line method over a period of 5 years
Furniture and fixtures	Straight line method over a period of 5 years

Amortization on field equipment is capitalized under resource property costs.

##### i) Impairment of Long-Lived Assets

In accordance with CICA Handbook Section 3063, "Impairment of Long-Lived Assets" the Company evaluates the recoverability of its investments in resource properties and equipment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the statements of loss and deficit when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition.

##### j) Environmental Remediation and Reclamation Expenditures

In accordance with CICA Handbook Section 3110, "Asset Retirement Obligations", the Company is required to account for the estimated fair value of legal obligations to reclaim and remediate resource properties in the period incurred, at the net present value of the cash flows required to settle the future obligations. The corresponding amount is capitalized to the related asset and accounted for in accordance with the Company's related accounting policies for resource properties. The liabilities are subject to accretion over time as an operating expense for increases in the fair value of the liabilities. Changes in estimates are accounted for prospectively from the period the estimate is revised.

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### j) Environmental Remediation and Reclamation Expenditures (Continued)

The Company is in the early stages of exploring its resource properties. The Company has no current legal obligation for reclamation and remediation costs.

##### k) Income Taxes

Income taxes are calculated using the asset and liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. Future income tax liabilities or assets are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

##### l) Stock Based Compensation

The Company has adopted the recommendations of CICA Handbook Section 3870 – “Stock Based Compensation and Other Stock Based Payments” to account for stock based transactions with officers, directors, and outside consultants. Accordingly the fair value of stock options is charged to operations or resource property costs as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant; the fair value of options which vest in future is recognized on a straight-line basis over the vesting period. Consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital.

##### m) Foreign Currency Translation

Transactions recorded in foreign currencies have been translated into Canadian dollars using the temporal method as follows:

- i) monetary items at the rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average rate in effect during the applicable accounting period.

Gains or losses arising on translation are included in the statement of loss and deficit.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### n) Loss Per Share

Loss per common share is calculated using the weighted average number of common shares issued and outstanding during each year. Diluted loss per common share is calculated using the treasury stock method, which assumes that stock options and warrants are only exercised when the exercise price is below the average market price during the period, and that the Company will use any proceeds to purchase its common shares at their average market price during the period. Diluted loss per share equals loss per share as outstanding options and warrants are anti-dilutive

##### o) Comparative Figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

#### 3. INVESTMENT

The Company paid a total of \$1,600 for 1,600,000 common shares in Petromad, Ltd. (26% of the outstanding common shares) during fiscal year 2005. This investment was written off at the 2005 year end. During the year ended September 30, 2006 Petromad changed its name to EnerMad Corp. and has now commenced formal business operations by investing in oil and gas exploration in Madagascar.

EnerMad Corp. concluded the first tranche in a non-brokered private placement of approximately \$1.66 million on August 16, 2006. The Company concluded an additional tranche during September 2006 and raised approximately \$0.73 million. The Company closed three additional tranches in October 2006 for additional \$0.33 million. Pan African's ownership interest in EnerMad after the aforesaid private placement is approximately 14%. The President and Chief Executive Officer, and the Chief Financial Officer of Pan African Mining Corp. serve as directors of EnerMad Corp.

#### 4. PLANT AND EQUIPMENT

	2006		
	COST	ACCUMULATED AMORTIZATION	TOTAL
Field equipment	\$ 716,586	\$ 110,351	\$ 606,235
Computer hardware and software	76,150	52,777	23,373
Furniture and fixtures	59,442	18,051	41,391
	<u>\$ 852,178</u>	<u>\$ 181,179</u>	<u>\$ 670,999</u>

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 4. PLANT AND EQUIPMENT (Continued)

	2005		
	COST	ACCUMULATED AMORTIZATION	TOTAL
Field equipment	\$ 82,525	\$ 3,903	\$ 78,622
Computer hardware and software	61,132	27,806	33,326
Furniture and fixtures	44,929	8,473	36,456
	<u>\$ 188,586</u>	<u>\$ 40,182</u>	<u>\$ 148,404</u>

#### 5. RESOURCE PROPERTY COSTS

Resource property costs are detailed in the attached Consolidated Schedule of Resource Property Costs.

##### a) Dabolava Area (Gold- A2)

The Company signed 19 Agreement of Assignment of Mining Permits relating to a 100% interest in 19 permits in the Dabolava Area for approximately 292 mining squares. The

Dabolava region is located of the Central-West Plateau of Madagascar. The Company's license in this region is situated in the provinces of Toliary and Antananarivo, Madagascar.

The Company will pay a production bonus of US \$25,000 upon commencement of commercial mining operations on any of the foregoing permits.

##### b) Andavakooera Project (Gold - A2)

The Company acquired 3 Agreement of Assignment of Mining Permits in the Antsiranana Province Madagascar for 308 mining squares.

##### c) Andramasina Project (Gold - B7)

The Company acquired 2 Agreement of Assignment of Mining Permits in the Antanarivo Province in Madagascar for 49 mining squares.

##### d) Tamatave Chrome Project

The Company signed 1 Agreement, dated April 1, 2004, for a 100% interest in the Tamatave Chrome Project approximately 1 mining square in the Toamasina Province Madagascar.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 5. RESOURCE PROPERTY COSTS (Continued)

e) Nickel Valley Project (Chrome Nickel -C4)

The Company entered into 3 Agreement of Assignment of Mining Permits in the Nickel Valley Project in Northern Madagascar covering approximately 29 mining squares in the Mahajanga Province Madagascar.

f) Sakoa Coal Project (Coal – C2)

The Company entered into 4 Agreement of Assignment of Mining Permits in the Sakoa and Sakamena coalfields covering approximately 64 mining squares in the Toliary Province Madagascar. These coalfields are located in the southern part of the Morondava Basin which extends the length of Madagascar.

g) Uranium Exploration

The Company has been granted the exclusive rights to conduct Uranium exploration, development and exploitation of certain mining prospectives known as Tranomaro, Folakara, Faratsiho and Makay. The properties encompass approximately 640 mining squares.

h) Marovato Project (Gold – A6)

The Company acquired 1 Agreement of Assignment of Mining Permits in the Toamasina Province in Madagascar for 3 mining squares.

i) Manica Minerals

On September 11, 2006 the Company entered into a joint interest agreement in the Fingoa project in Mozambique with Monica Minerals, Ltd. through its wholly owned subsidiary Manica Minerals (Mozambique) Ltd. Under the agreement the Company has the option to earn a 51% interest in mineral rights by spending US\$150,000 over a period of 2 years with a minimum expenditure of US\$50,000 in the 1<sup>st</sup> year. After earning 51% the Company will have the option to earn a further 24% (for a total of 75%) in the project by spending US\$600,000 over three years. After the Company earns 75%, Manica may elect to continue funding with the Company pro-rata. In the event Manica declines to fund from this point, the Company may earn a further 10% (for a total of 85%) by continuing to fund exclusively through to the completion of a pre-feasibility. The Company paid Manica an overhead fee of US\$10,000 on signing the agreement and US\$10,000 at the end of each year after the signing of this agreement until the start of production.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 5. RESOURCE PROPERTY COSTS (Continued)

##### i) Manica Minerals (Continued)

On September 11, 2006, the Company entered into a joint interest agreement in the Casula project in Mozambique with Monica Minerals, Ltd. through its wholly owned subsidiary Manica Minerals (Mozambique) Ltd. Under the agreement the Company has the option to earn a 51% interest in mineral rights by spending US\$150,000 over a period of 2 years with a minimum expenditure of US\$50,000 in the 1<sup>st</sup> year. After earning 51%, the Company will have the option to earn a further 24% (for a total of 75%) in the project by spending US\$600,000 over three years. After the Company earns 75%, Manica may elect to continue funding with the Company pro-rata. In the event Manica declines to fund from this point, the Company may earn a further 10% (for a total of 85%) by continuing to fund exclusively through to the completion of a pre-feasibility. The Company paid Manica an overhead fee of US\$10,000 on signing the agreement and US\$10,000 at the end of each year after the signing of this agreement until the start of production.

j) The Company acquired certain rights, through assignment from the Resident Manager of the Company's Madagascar subsidiary, to 84 mining claims located in Madagascar for a total of 1,989 mining squares. Each of which is 6.25 sq. kilometres or 625 hectares. In addition to the reimbursement of filing fees by the Company, the Resident Manager received 20,000 common shares of the Company and a 1% interest in the Company's Madagascar subsidiary.

##### k) Diamond Exploration Properties (B3)

The Company entered into 11 Agreement of Assignment of Mining Permits for 202 mining squares in the Area of Kianjavato and the village of Ifanira.

The Company will pay a production bonus upon commencement of commercial mining operations between US \$100,000 and US \$250,000 depending upon results.

#### 6. RELATED PARTY TRANSACTIONS

The Company's President and the Resident Manager of PAMM, the Company's 98% owned subsidiary, each own a 1% interest in PAMM. The Company has the right to purchase the 1% interest owned by the Resident Manager for US\$5,000 until December 31, 2004 after which date, the purchase price will increase by US\$5,000 per year.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 6. RELATED PARTY TRANSACTIONS (Continued)

The Company's President and the Resident Manager of PAMA, the Company's 79.8% owned subsidiary, each own a 0.1% interest in PAMA. On November 7, 2005 the Company announced it has entered into a formal agreement with L'Office des Mines Nationales et des Industries Strategiques ("OMNIS") under which the Company transferred 20% of its investment in PAM Atomique S.A.R.L., for the right of the Company to explore, develop or exploit certain prospective uranium properties in Madagascar. OMNIS is a government agency of the Malagasy State charged with oversight and administration of the country's strategic resources of uranium and hydrocarbons.

The non-controlling interest in PAM Atomique S.A.R.L., is reducible under certain circumstances to a floor of not less than 10% in the event OMNIS elects not to participate in funding of commercial mining operations at the exploitation stage. The Company will contribute all initial capital for exploration.

The Company incurred the following expenses with directors and officers of the Company and its subsidiaries:

	<u>2006</u>	<u>2005</u>
Management fees	<u>\$ 238,281</u>	<u>\$ 241,199</u>

During the year ended September 30, 2006 \$40,789 (2005 - \$68,765) was capitalized as a component of mineral properties; \$29,400 (2005 - \$68,765) representing management fees to officers for geological services and exploration activities and \$11,389 (2005 - \$Nil) representing management fees to officers of PAM Atomique for administrative services.

The Company shares administrative costs and received rent from a company with common directors. Rent in the amount of \$16,157 (2005 - \$ 16,126) was received from that company on a month-to-month basis for shared office space.

As at September 30, 2006, \$28,586 (2005 - \$Nil) was outstanding to directors.

#### 7. SHARE CAPITAL

- a) Authorized
  - 100,000,000 common shares without par value
  - 100,000,000 preferred share without par value

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL (Continued)

##### b) Common Shares Issued

	<u>NUMBER</u>	<u>AMOUNT</u>
Balance, September 30, 2004	15,705,167	\$ 7,040,083
Issue of shares as finder's fees in connection with initial public offering	80,000	80,000
July 18, 2005 - Issue of shares for cash by private placement at \$1.00 per share	1,500,000	1,500,000
Stock options exercised	55,000	55,000
Warrants exercised	104,718	120,426
Contributed surplus allocated to shares issued on exercise	-	23,285
Share issuance costs	-	<u>(188,920)</u>
Balance, September 30, 2005	17,444,885	8,629,874
October 3, 2005 – Issue of shares for cash by private placement at \$1.50 per share	1,250,000	1,875,000
April 21, 2006 – Issue of shares for cash by private placement at \$1.80 per share	2,000,000	3,600,000
Stock options exercised	1,203,250	1,215,375
Warrants exercised	465,282	541,074
Contributed surplus allocated to shares issued on exercise	-	422,675
Share issuance costs	-	<u>(191,047)</u>
<b>Balance, September 30, 2006</b>	<b><u>22,363,417</u></b>	<b><u>\$ 16,092,951</u></b>

As at September 30, 2006, 1,824,000 (2005 - 3,648,000) shares were held in escrow.

Certain of these shares are held in escrow as follows:

6,080,000 shares, under the terms of an escrow agreement dated March 15, 2004, to be released from escrow on a pro-rata basis as follows:

- 1/10 of the escrow securities on the date the Company's shares are listed on the TSX Venture Exchange.
- 1/6 of the remaining escrow securities 6 months after the listing date
- 1/5 of the remaining escrow securities 12 months after the listing date
- 1/4 of the remaining escrow securities 18 months after the listing date
- 1/3 of the remaining escrow securities 24 months after the listing date
- 1/2 of the remaining escrow securities 30 months after the listing date
- the remaining escrow securities 36 months after the listing date

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL (Continued)

##### b) Common Shares Issued (Continued)

- i) On July 18, 2005 the Company completed a non-brokered private placement to raise gross proceeds of \$1,500,000. Under the terms of the offering the Company sold 1,500,000 units at \$1.00 per unit. Each unit consist of one common share and one-half of one share purchase warrant. The Company paid finders' fees of \$75,000 plus 120,000 warrants to purchase common shares. Each whole warrant will entitle the holder to purchase one common share of the Company at \$1.20 for a period of one year from the closing date.
- ii) On October 3, 2005 the Company completed a non-brokered private placement to raise gross proceeds of \$1,875,000. Under the terms of the offering the Company sold 1,250,000 units at \$1.50 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at \$2.00 until April 3, 2007. All funds were received as of September 30, 2005.

The Company paid finders' fees of \$65,625 plus 60,000 warrants to purchase common shares. Each whole warrant entitles the holder to purchase one common share of the Company at \$2.00 until April 3, 2007.

- iii) On April 21, 2006 the Company completed a non-brokered private placement which raised gross proceeds of \$3.6 million. Under the terms of the offering the Company sold 2 million units at \$1.80 per unit. Each unit consists of one common share and one share purchase warrant, where each warrant entitles the subscriber to purchase one additional common share of the Company at \$2.20 until April 21, 2008.

The Company paid cash finders' fees of \$77,490 representing 3.5% of certain proceeds, or 2.15% of the aggregate proceeds of the offering.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL (Continued)

##### c) Share Purchase Warrants

The continuity of share purchase warrants during the year ended September 30, 2006 and 2005 is as follows:

Expiry dates	Exercise price	Outstanding as of September 30, 2005	Issued throughout the period	Exercised throughout the period	Expired throughout the period	Outstanding as of September 30, 2006
July 23, 06	\$1.15	345,282	-	345,282	-	-
July 18, 06	\$1.20	120,000	-	120,000	-	-
July 18, 07	\$1.20	750,000	-	-	-	750,000
April 3, 07	\$2.00	-	625,000	-	-	625,000
April 3, 07	\$2.00	-	60,000	-	-	60,000
April 21, 08	\$2.20	-	2,000,000	-	-	2,000,000
		1,215,282	2,685,000	465,282	-	3,435,000

Expiry dates	Exercise price	Outstanding as of September 30, 2004	Issued throughout the year	Exercised throughout the year	Expired throughout the year	Outstanding as of September 30, 2005
July 23, 05	\$1.05	450,000	-	-	(450,000)	-
July 23, 06	\$1.15	450,000	-	(104,718)	-	345,282
July 23, 05	\$1.35	3,000,000	-	-	(3,000,000)	-
July 18, 06	\$1.20	-	120,000	-	-	120,000
July 18, 07	\$1.20	-	750,000	-	-	750,000
		3,900,000	870,000	(104,718)	(3,450,000)	1,215,282

##### d) Share Purchase Options

Effective March 31, 2004, the Company adopted the 2004 Stock Incentive Plan (the "Plan"). The total number of shares of stock which may be offered under, or issued under, options granted pursuant to the Plan shall not exceed 2,500,000 common shares. The number and terms and conditions of options which may be issued to certain individuals is limited as required by the TSX Venture Exchange. No options may be granted under the Plan after March 31, 2014.

On April 25, 2006 the Board of Directors adopted an amendment to the Company's Stock Option Plan, subject to ratification by the shareholders and any necessary regulatory approvals, providing that the amount of incentive stock options which may be granted and outstanding under the Plan at any time shall not exceed 10% of the issued and outstanding Common Shares.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL (Continued)

##### d) Share Purchase Options (Continued)

The continuity of share purchase options is as follows:

	2006		2005	
	Number of shares	Average Price	Number of shares	Average Price
Opening Balance	1,491,000	1.00	1,205,000	\$ 1.00
Granted during the year	1,340,000	1.78	466,000	1.00
Exercised during the year	(1,203,250)	1.01	(55,000)	1.00
Expired/cancelled during the year	(3,000)	1.00	(125,000)	1.00
Closing Balance	<u>1,624,750</u>		<u>1,491,000</u>	
Average contractual remaining life (years)		1.26		0.97
Range of exercised prices		<u>1.00-2.55</u>		<u>\$ 1.00</u>

Outstanding share purchase options as of September 30, 2006

Expiry Date	Exercise Price	Number	Exercisable
October 12, 2006	1.00	4,000	4,000
October 27, 2006	1.00	35,000	35,000
January 19, 2007	1.00	120,000	120,000
May 2, 2007	1.00	50,000	50,000
August 10, 2007	1.00	77,500	57,500
August 12, 2007	1.00	25,000	18,750
October 17, 2007	1.30	97,000	48,500
November 10, 2007	1.30	61,250	30,625
January 1, 2008	1.40	50,000	25,000
February 1, 2006	1.70	12,500	6,250
April 25, 2006	1.84	927,500	*231,875
June 6, 2006	1.98	30,000	*7,500
June 27, 2006	1.84	60,000	*15,000
August 14, 2006	2.36	50,000	*12,500
September 1, 2006	2.55	25,000	*6,250
		<u>1,624,750</u>	<u>668,750</u>

\* Share purchase options granted under the amended Stock Option Plan adopted on April 25, 2006, and are exercisable once shareholder ratification and regulatory approval are obtained.

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL (Continued)

##### d) Share Purchase Options (Continued)

The fair value of the options granted has been estimated using the Black-Scholes option pricing model. The estimated fair value of all options granted during the year ended September 30, 2006 was \$341,469 (2005- \$295,000). Of these amounts, \$126,923 (2005- \$167,802) has been included as geological consulting and services in resource property costs. The weighted average fair value of options granted during the year is \$0.88 (2005- \$0.20).

Assumptions used in the option-pricing model are as follows:

	<u>2006</u>	<u>2005</u>
Average risk-free interest rate	3.75%	4.00%
Expected life	3 years	2 years
Expected volatility	82%	95%
Expected dividends	Nil	Nil

#### 8. INCOME TAXES

The Company is subject to income taxes on its unconsolidated income statements in Canada and Madagascar. The statutory income tax rates were approximately 34% in Canada and 30% in Madagascar for the 2006 and 2005 years ended September 30<sup>th</sup>.

##### a) Future Income Tax Assets (Liabilities)

Future income tax assets and liabilities reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's consolidated future income tax assets (liabilities) are as follows:

	<u>2006</u>	<u>2005</u>
Non-capital loss carry forwards	1,047,000	700,000
Equipment	60,000	13,000
Share issue costs	141,000	146,000
	<u>1,248,000</u>	859,000
Valuation allowance on future income tax assets	<u>(1,248,000)</u>	<u>(859,000)</u>
	-	-

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

#### 8. INCOME TAXES (Continued)

##### a) Future Income Tax Assets (Liabilities)

The Company has established a valuation allowance against its net unrecognized future income tax assets as the tax benefits are not more likely than not to be realized.

The Company's Canadian non-capital losses begin to expire in 2010. Malagasy non-capital losses may be carried forward until utilized. The amounts that are carried forward for income tax purposes are approximately as follows:

	<u>2006</u>	<u>2005</u>
Canada	\$ 2,311,000	\$ 1,539,000
Madagascar	872,000	539,000
	<u>\$ 3,183,000</u>	<u>\$ 2,078,000</u>

Canadian foreign exploration resource deductions may be used against certain future foreign taxable income without expiry provided there has been no change in the control of the Company, the available resource deductions amounted to approximately \$3,154,000 (2005 - \$1,410,000).

##### b) Provision For Income Taxes

No provision for current income tax expenses has been recorded as the Company has Canadian and Malagasy losses for income tax purposes in 2006 and 2005. No provision for future income tax recoveries has been recorded in either year, as the Company's future profitability is uncertain.

Reconciliations of possible future income tax recoveries on the consolidated net losses before income taxes are as follows:

	<u>2006</u>	<u>2005</u>
Computed possible income tax recoveries	\$ (394,000)	\$ (357,000)
Temporary differences	(44,000)	(37,000)
Non-deductible expenses	76,000	46,000
Change in the income tax rate	17,000	8,000
Valuation allowance on the net loss for the year	345,000	340,000
	<u>\$ -</u>	<u>\$ -</u>

# PAN AFRICAN MINING CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

(Expressed in Canadian Dollars)

### 9. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's resource properties are in Madagascar.

	<u>2006</u>	<u>2005</u>
Loss for the year		
Canada	\$ 852,333	\$ 757,569
Madagascar	346,068	306,352
	<u>1,198,401</u>	<u>1,063,921</u>
Plant and equipment		
Canada	\$ 632,982	\$ 113,511
Madagascar	38,017	34,893
	<u>\$ 670,999</u>	<u>\$ 148,404</u>
Resource Property costs		
Canada	\$ -	\$ -
Madagascar	6,527,820	3,407,915
	<u>\$ 6,527,820</u>	<u>\$ 3,407,915</u>

### 10. COMMITMENTS

The Company has entered into long-term arrangements with commitments for years ended September 30 as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Directors and officers	\$ 273,595	\$ 54,630	\$ 6,000	\$ 6,000	\$ 6,000
Management and consulting services	\$ 876,481	\$ 189,231	\$ 6,000	\$ 6,000	\$ 6,000
Rent	\$ 42,721	\$ -	\$ -	\$ -	\$ -

### 11. SUBSEQUENT EVENTS

- a) On October 24, 2006 the Company granted stock options to employees and consultants to purchase 115,000 common shares at a price of \$1.95 per share exercisable for a period of either two or three years.

# **PAN AFRICAN MINING CORP.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

(Expressed in Canadian Dollars)

#### **11. SUBSEQUENT EVENTS (Continued)**

- b) On November 15, 2006 the Company granted stock options to consultants to purchase up to 65,000 common shares at a price of \$2.02 per share exercisable for a period of three years.
- c) On November 27, 2006 the Company's subsidiary PAM Atomique Sarl ("PAMA"), which is 20% owned by the Malagasy State has been granted 36 additional Research Permits or Permis Recherches for uranium exploration in Madagascar.
- d) On November 22, 2006 the Company granted stock options to a new director to purchase 50,000 common shares at a price of \$2.12 per share exercisable for a period of three years.
- e) From October 1, 2006 to December 7, 2006, the Company issued 72,750 common shares pursuant to the exercise of stock options for gross proceeds of \$72,750.

# PAN AFRICAN MINING CORP.

## CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS

(Expressed in Canadian Dollars)

	SEPTEMBER 30					
	2006			2005		
	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL
<b>Dabolava Project</b>						
Balance – beginning of year	\$ 630,746	\$ 1,664,551	\$ 2,295,297	\$ 217,326	\$ 312,679	\$ 530,005
Administration	12	40,432	40,444	1,419	210,957	212,376
Aeromagnetic survey	-	-	-	-	25,960	25,960
Camp construction and supplies	-	32,046	32,046	-	-	-
Amortization of field equipment	-	104,426	104,426	-	3,903	3,903
Drilling and sampling	-	376,726	376,726	-	382,386	382,386
Equipment rental	-	26,428	26,428	-	-	-
Field staff	-	52,006	52,006	-	52,262	52,262
Field supplies	-	370,793	370,793	-	151,763	151,763
Freight	-	32,237	32,237	-	-	-
Geological consulting and services	-	243,313	243,313	-	462,730	462,730
Government permit fees	29,935	-	29,935	412,001	-	412,001
Research/report writing	-	496	496	-	6	6
Satellite mapping	-	-	-	-	7,130	7,130
Travel	-	64,955	64,955	-	54,775	54,775
Balance end of year	660,693	3,008,409	3,669,102	630,746	1,664,551	2,295,297
<b>Andavakooera Project</b>						
Balance – beginning of year	83,839	50,339	134,178	83,839	50,339	134,178
Administration	-	7	7	-	-	-
Field staff	-	33	33	-	-	-
Field supplies	-	1,245	1,245	-	-	-
Travel	-	705	705	-	-	-
Balance end of year	83,839	52,329	136,168	83,839	50,339	134,178
<b>Andramasina Project</b>						
Balance – beginning of year	17,966	32,889	50,855	17,966	32,889	50,855
Administration	-	18	18	-	-	-
Drilling and sampling	-	3,604	3,604	-	-	-
Field staff	-	580	580	-	-	-
Field supplies	-	11,887	11,887	-	-	-
Research/report writing	-	2,476	2,476	-	-	-
Travel	-	1,354	1,354	-	-	-
Balance end of year	17,966	52,808	70,774	17,966	32,889	50,855
<b>Chrome exploration properties</b>						
Balance – beginning of year	-	60,925	60,925	-	-	-
Administration	-	4,202	4,202	-	-	-
Drilling and sampling	-	75,137	75,137	-	-	-
Equipment rental	-	14,276	14,276	-	-	-
Field staff	-	11,616	11,616	-	-	-
Field supplies	-	18,879	18,879	-	293	293
Geological consulting and services	-	87,990	87,990	-	54,321	54,321
Government permit fees	262,954	-	262,954	-	-	-
Research/report writing	-	5,951	5,951	-	2,628	2,628
Travel	-	19,716	19,716	-	3,683	3,683
Balance end of year	262,954	298,692	561,646	-	60,925	60,925

# PAN AFRICAN MINING CORP.

## CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS (Continued)

(Expressed in Canadian Dollars)

	SEPTEMBER 30					
	2006			2005		
	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL
Diamond exploration properties						
Balance – beginning of year	\$ 40	\$ 156,040	\$ 156,080	\$ -	\$ 50,000	\$ 50,000
Administration	354	11,111	11,465	40	-	40
Drilling and sampling	-	225,168	225,168	-	13	13
Field staff	-	13,779	13,779	-	2,531	2,531
Field supplies	-	37,355	37,355	-	9,807	9,807
Geological consulting and services	-	160,389	160,389	-	86,500	86,500
Government permit fees	139,165	-	139,165	-	-	-
Research/report writing	-	1,197	1,197	-	-	-
Travel	-	19,728	19,728	-	7,189	7,189
Balance end of year	139,559	624,767	764,326	40	156,040	156,080
Sakoa Coal exploration properties						
Balance – beginning of year	-	-	-	-	-	-
Administration	217	4,084	4,301	-	-	-
Field staff	-	2,422	2,422	-	-	-
Field supplies	-	6,177	6,177	-	-	-
Freight	-	632	632	-	-	-
Geological consulting and services	-	27,175	27,175	-	-	-
Government permit fees	2,153	-	2,153	-	-	-
Research/report writing	-	4,065	4,065	-	-	-
Travel	-	4,429	4,429	-	-	-
Balance end of year	2,370	48,984	51,354	-	-	-
Uranium exploration properties						
Balance – beginning of year	46,154	16,138	62,292	-	-	-
Administration	520	74,445	74,965	42	15,698	15,740
Camp construction and supplies	-	13,351	13,351	-	-	-
Amortization of field equipment	-	2,022	2,022	-	-	-
Drilling and sampling	-	1,450	1,450	-	-	-
Environmental impact	11,838	-	11,838	-	-	-
Equipment rental	-	2,154	2,154	-	-	-
Field staff	-	5,653	5,653	-	-	-
Field supplies	-	55,196	55,196	-	-	-
Freight	-	505	505	-	-	-
Geological consulting and services	-	119,065	119,065	-	-	-
Government permit fees	105,036	-	105,036	43,058	-	43,058
Payments to third parties	2,081	-	2,081	3,054	-	3,054
Research/report writing	-	2,480	2,480	-	440	440
Travel	-	29,010	29,010	-	-	-
Balance end of year	165,629	321,469	487,098	46,154	16,138	62,292

# PAN AFRICAN MINING CORP.

## CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS (Continued)

(Expressed in Canadian Dollars)

	SEPTEMBER 30					
	2006			2005		
	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL
<b>Marovato Project</b>						
Balance – beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	-	142	142	-	-	-
Drilling and sampling	-	109	109	-	-	-
Field supplies	-	6,960	6,960	-	-	-
Geological consulting and services	-	13,358	13,358	-	-	-
Travel	-	6,157	6,157	-	-	-
Balance end of year	-	26,726	26,726	-	-	-
<b>Manica Minerals</b>						
Balance – beginning of year	-	-	-	-	-	-
Administration	-	22,234	22,234	-	-	-
Equipment rental	-	2,222	2,222	-	-	-
Field staff	-	3,586	3,586	-	-	-
Field supplies	-	2,164	2,164	-	-	-
Geological consulting and services	-	9,173	9,173	-	-	-
Balance end of year	-	39,379	39,379	-	-	-
<b>Botswana exploration properties</b>						
Balance – beginning of year	-	-	-	-	-	-
Administration	-	4	4	-	-	-
Geological consulting and services	-	5,215	5,215	-	-	-
Research/report writing	-	79	79	-	-	-
Travel	-	1,684	1,684	-	-	-
Balance end of year	-	6,982	6,982	-	-	-
<b>Namibia exploration properties</b>						
Balance – beginning of year	-	-	-	-	-	-
Administration	-	144	144	-	-	-
Geological consulting and services	-	4,304	4,304	-	-	-
Research/report writing	-	574	574	-	-	-
Balance end of year	-	5,022	5,022	-	-	-
<b>Other</b>						
Balance – beginning of year	531,646	116,642	648,288	480,779	67,313	548,092
Administration	15	506	521	9	1,189	1,198
Drilling and sampling	-	8,755	8,755	-	478	478
Field staff	-	1,481	1,481	-	2,221	2,221
Field supplies	-	26,915	26,915	-	22,959	22,959
Geological consulting and services	-	7,625	7,625	-	315	315
Government permit fees	3,209	-	3,209	2,228	-	2,228
Payments to third parties	-	-	-	48,630	-	48,630
Research/report writing	-	2,897	2,897	-	518	518
Satellite mapping	-	1,692	1,692	-	-	-
Travel	-	7,860	7,860	-	21,649	21,649
Balance end of year	534,870	174,373	709,243	531,646	116,642	648,288

# PAN AFRICAN MINING CORP.

## CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS (Continued)

(Expressed in Canadian Dollars)

	SEPTEMBER 30					
	2006			2005		
	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL	ACQUISITION/ MAINTENANCE	DEFERRED EXPLORATION	TOTAL
<b>Summary for all Properties</b>						
Balance - Beginning of year	\$ 1,310,391	\$ 2,097,524	\$ 3,407,915	\$ 799,910	\$ 513,220	\$ 1,313,130
Costs for the year	557,489	2,562,416	3,119,905	510,481	1,584,304	2,094,785
<b>Balance - End of Year</b>	<b>\$ 1,867,880</b>	<b>\$ 4,659,940</b>	<b>\$ 6,527,820</b>	<b>\$ 1,310,391</b>	<b>\$ 2,097,524</b>	<b>\$ 3,407,915</b>