

Pan African Resources PLC

(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

ADR ticker code: PAFRY

("Pan African" or "the Company")

Restructure of Long-term Incentive Schemes

1. Introduction

Shareholders are advised that the Remuneration Committee of Pan African has recommended to the Company's board of directors ("**Board**") a restructure of some of the group's long-term incentive schemes with the intent of simplifying and consolidating such schemes and improving their retention capability.

As a result, shareholders are notified in accordance with paragraph 3.63 of the JSE Listings Requirements that on 16 September 2020, certain executive directors including the Chief Executive Officer, Cobus Loots and the Financial Director, Deon Louw, and other prescribed officers of the group (details of which are set out in the table in paragraph 3 below) ("**Affected Participants**") have agreed to relinquish the share options issued to them under the Pan African Corporate Share Option Scheme ("**PACOS**"). In addition, the relevant executive directors and prescribed officers have an entitlement to receive shares in respect of the terms of their employment contracts which will also be relinquished (together the "**Relinquished Options**").

In *lieu* of the relinquishment set out above, restricted class B ordinary shares of no par value ("**Class B Shares**") in the share capital of PAR Gold Proprietary Limited ("**PAR Gold**"), will be issued to the Affected Participants in terms of a newly established Pan African B Executive Incentive Scheme ("**B-Share Scheme**"). The restructuring will result in an estimated saving to the Company of approximately ZAR 11.6 million (approx. US\$0.7 million) whilst maintaining the alignment between shareholders and management.

2. Overview of the B-Share Scheme and key terms of the Class B Shares

Pan African owns 49% of the issued share capital of PAR Gold.

The Class B Shares are being created to facilitate the B Share Scheme. A summary of the rights and preferences are provided below:

- the Class B Shares do not confer any right to the holders of the Class B Shares ("**Class B Shareholders**") to attend, speak at and/or vote at general meetings of PAR Gold, save when a resolution of PAR Gold is proposed which affects the preferences, rights, limitations and other terms associated with the Class B Shares;
- each issued Class B Share will entitle a Class B Shareholder the right to receive distributions, in priority to the PAR Gold ordinary shares, equal to the difference between a) the highest 30 day volume weighted average price of a Pan African ordinary share on the JSE measured from the scheme implementation date up to and including the date of the Class B Shareholder issuing a lock-in notice/(s) or a deemed lock-in notice and b) R1.21 ("**Distribution Amount**");
- the Class B Shares will be repurchased by PAR Gold in accordance with the rules in respect of the B-Share Scheme ("**B-Share Scheme Rules**") in terms of certain put and call options granted for an amount equal to the higher of a) of R0.0001 per Class B Share or b) a shortfall in any Distribution Amount owing to a Class B Shareholder in accordance with the B-Share Scheme Rules;
- Class B Shareholders may not transfer or encumber their Class B Shares other than in accordance with the provisions of the B Share Scheme Rules or with the prior written approval of the Board.

3. Directors and prescribed officers dealings

The details of the dealings are set out below:

Name of director/ prescribed officer	Options / Shares	Number of Relinquished Options / Shares	Strike price per Relinquished Option (Rand)	Total Strike Price for Relinquished Options (Rand)	Relinquished Options Conditionally Exercisable From	Number of Class B-Shares to be allocated in lieu of the Relinquished Options
Cobus Loots	Options	12,427,686	1.21	15,037,500	30-Jun-20	11,557,748
Cobus Loots	Shares	5,000,000	-	-	-	5,549,831
Deon Louw	Options	8,690,599	1.21	10,515,625	30-Jun-20	8,082,257
Deon Louw	Shares	3,100,000	-	-	-	3,440,896
Andre van den Bergh	Options	8,109,463	1.21	9,812,450	30-Jun-20	7,541,800
Bert van den Berg	Options	4,049,587	1.21	4,900,000	30-Jun-20	3,766,116
Jonathan Irons	Options	4,049,587	1.21	4,900,000	30-Jun-20	3,766,116
Barry Naicker	Options	3,471,074	1.21	4,200,000	30-Jun-20	3,228,099
Niel Symington	Options	3,140,496	1.21	3,800,000	30-Jun-20	2,920,661
Mthandazo Dlamini	Options	1,239,669	1.21	1,500,000	30-Jun-20	1,152,893
Hendrik Pretorius	Options	1,239,669	1.21	1,500,000	30-Jun-20	1,152,893
		54,517,831		56,165,575		52,159,310

The above executive directors and prescribed officers held a direct beneficial interest in the Relinquished Options and likewise will hold a direct beneficial interest (in person or through a representative shareholder) in the Class B-Shares. The ultimate value of the Class B-Shares to be issued to the executive directors and prescribed officers will depend on the Pan African share price at the point of repurchase.

All the above trades are considered to be off-market trades in terms of the JSE Listings Requirements

4. Related Party Transaction

The issuance of the Class B Shares to Cobus Loots and Deon Louw constitutes a related party transaction under the AIM Rules for Companies. The Board, other than Cobus Loots and Deon Louw, who are not deemed independent, having consulted with the Company's nominated adviser, Peel Hunt LLP, consider that the terms of the aforementioned related party transaction are fair and reasonable insofar as shareholders are concerned.

Rosebank

17 September 2020

For further information on Pan African, please visit the Company's website at

www.panafricanresources.com

Contact information	
<p>Corporate Office</p> <p>The Firs Office Building</p> <p>2nd Floor, Office 204</p> <p>Cnr. Cradock and Biermann Avenues</p> <p>Rosebank, Johannesburg</p> <p>South Africa</p> <p>Office: + 27 (0)11 243 2900</p> <p>info@paf.co.za</p>	<p>Registered Office</p> <p>Suite 31</p> <p>Second Floor</p> <p>107 Cheapside</p> <p>London</p> <p>EC2V 6DN</p> <p>United Kingdom</p> <p>Office: + 44 (0)20 7796 8644</p>
<p>Cobus Loots</p> <p>Pan African Resources PLC</p> <p>Chief Executive Officer</p> <p>Office: + 27 (0)11 243 2900</p>	<p>Deon Louw</p> <p>Pan African Resources PLC</p> <p>Financial Director</p> <p>Office: + 27 (0)11 243 2900</p>
<p>Phil Dexter/Jane Kirton</p> <p>St James's Corporate Services Limited</p> <p>Company Secretary</p> <p>Office: + 44 (0)20 7796 8644</p>	<p>Ross Allister/David McKeown</p> <p>Peel Hunt LLP</p> <p>Nominated Adviser and Joint Broker</p> <p>Office: +44 (0)20 7418 8900</p>
<p>Ciska Kloppers</p> <p>Questco Corporate Advisory Proprietary Limited</p> <p>JSE Sponsor</p> <p>Office: + 27 (0)11 011 9200</p>	<p>Thomas Rider/Neil Elliot</p> <p>BMO Capital Markets Limited</p> <p>Joint Broker</p> <p>Office: +44 (0)20 7236 1010</p>
<p>Hethen Hira</p> <p>Pan African Resources PLC</p> <p>Head : Investor Relations</p> <p>Tel: + 27 (0)11 243 2900</p> <p>E-mail: hhira@paf.co.za</p>	<p>Website: www.panafricanresources.com</p>