

RNS Initial admission to the Official List

Admission to Main Market

AFRICAN PIONEER PLC

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For Immediate Release

1 June 2021

African Pioneer Plc

("African Pioneer", "APP" or "the Company")

Admission to Trading on the London Stock Exchange

The Directors of African Pioneer, a company engaged in development of the natural resources exploration projects in Sub-Saharan Africa, are pleased to announce that the Company's entire Enlarged Issued Share Capital comprising 189,459,550 ordinary shares of zero par value each in the capital of the Company ("**Ordinary Shares**") will today be admitted to the Official List (Standard Segment) and to trading on the Main Market for listed securities of the London Stock Exchange ("Admission"). Dealings in the New Ordinary Shares will commence at 08.00 a.m. (UK time) with ISIN IM00B8C0HK22 and TIDM Code "AFP".

On Admission, the abovementioned 189,459,550 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, African Pioneer under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Colin Bird, Chairman of APP, commented:

"We are very pleased to have successfully concluded a GBP1.75M placing at 3.5p per Ordinary Share, acquired a suite of geologically attractive and geographically diversified copper projects in Namibia, Zambia and Botswana in Southern Africa and completed the Admission process. We also welcome copper producer Sandfire Resources Limited who are listed on the Australian Stock Exchange and capitalised at approximately A\$1.2 billion as a 15% shareholder. The Company is excited to commence its exploration activities on its newly acquired projects in a region renowned for copper and looks forward to updating shareholders as it works to progress its projects all of which are highly prospective and provide the opportunity to add significant value to the portfolio".

Corporate Overview and Strategy

The Directors of APP have identified suitable assets in the mining sector based in Zambia, Namibia and Botswana and entered into share purchase agreements to acquire the following three companies:

- 1) **Zamcu Exploration Pty Ltd ("Zamcu")**, which via its subsidiaries holds 70 per cent. interest in the two Namibia Exclusive Prospecting Licenses ("EPLs") located within the Matchless amphibolite Belt of central Namibia ("**Namibian Projects**");
- 2) **African Pioneer Zambia Limited ("APZ")**, which holds 100 per cent. interest in the Zambian Prospecting Licenses (PLs) located in two areas namely the Central Africa Copperbelt (Copperbelt), which comprises four PLs and the Zambezi area which comprises one PL ("**Zambian Projects**"); and
- 3) **Resource Capital Partners Pty Ltd ("RCP")**, which holds 100 per cent. interest in the Botswana Prospecting Licenses ("PLs") located in two areas namely (1) the Kalahari Copperbelt (KC), which

comprises six PLs and (2) the Limpopo Mobile Belt (Limpopo), which comprises two PLs ("**Botswanan Projects**") (together the "**Projects**") (the "**Subsidiaries**") (together the "**Group**").

Accordingly, as from Admission the Group will be engaged in development of the natural resources exploration projects in Sub-Saharan Africa, The Company's main focus at Admission will be on evaluating and advancing the Namibian and Zambian Projects as the Botswanan Projects are subject to the Conditional Botswana Licence Sale Agreement as described below.

The Botswana Projects have been acquired at an attractive purchase price of £350,000, as although unexplored, they are located in an highly prospective area for copper projects and it was the Company's original intention to conduct an initial 18 month exploration work programme to assess the prospectively of the Botswanan Projects and assess the best way of developing them. However, whilst working on the Admission, the Company was approached by Sandfire Resources Limited, listed on the Australian Stock Exchange and capitalised at approximately A\$1.2 billion ("**Sandfire**"), who have a large established presence in the Kalahari Copperbelt, with a proposal to acquire the Botswanan Projects. The Company has seen this as an opportunity for Sandfire to take over ownership and responsibility for the exploration stage of the Botswanan assets whilst allowing the Group to share in the potential upside should the exploration ultimately be successful in establishing a mineable reserve. Accordingly, on 12 March 2021 the Company entered into a conditional licence sale agreement with Sandfire (the "**Conditional Botswana Licence Sale Agreement**") under which the Company guaranteed the sale to Sandfire following Admission of all the Botswanan Licences in return for a payment at completion of the Conditional Botswana Licence Sale Agreement of US\$1,000,000 with US\$500,000 in cash and US\$500,000 by the issue of 107,271 Sandfire Shares (which will not be subject to any trading restrictions). Sandfire has the in-country infrastructure and technical expertise and financial resources to accelerate the rate of expenditure on the Botswanan assets by agreeing to fund a minimum of US\$1 million of expenditure (compared to the Group's 18 month budget of US\$176,000) and the proceeds from the sale to Sandfire will allow the Group to concentrate its increased financial resources and its management capabilities on its remaining two projects in Namibia and Zambia. In addition, as part of the relationship with Sandfire, they have agreed to come in as a cornerstone investor into the Company making a US\$500,000 investment in the Company as described below.

The Conditional Botswana Licence Sale Agreement is conditional *inter alia* on ministerial consent and applicable competition approval in Botswana. Upon these conditions precedent being met the Botswana licences will no longer form part of the Group. However, if the conditions precedent of the Conditional Botswana Licence Sale Agreement are not met by the long stop date of 30 September 2021 or such later date as agreed by the parties then the Botswana licences will remain part of the Group.

Separately, Sandfire has subscribed for US\$500,000 of interest free unsecured loan notes convertible upon Admission into Ordinary Shares constituting 15 per cent. of the Company's enlarged issued share capital on Admission. Sandfire will also have the right to nominate a director to the Board of the Company whilst their shareholding remains at or above that level and to participate in all future share offerings or subscriptions so as to maintain its shareholding at 15 per cent. in the Company.

The Company's short to medium term strategic objectives are to enhance the value of its mineral resource Projects through exploration and technical studies conducted by the Company or through joint venture or other arrangements (such as sale of the Botswanan Projects to Sandfire) with a view to establishing the Projects can be economically mined for profit. With a positive global outlook for both base and precious metals, the Directors believe that the Projects provide a base from which the Company will seek to add significant value through the application of structured and disciplined exploration.

The funds raised on Admission will provide the Group with sufficient money to undertake the exploration and assessment of the Company's licences in Namibia and Zambia and also in Botswana were the Conditional Botswana Licence Sale Agreement conditions not to be met before its long stop date of 30 September 2021 for at least 18 months. Details of these work programmes are set out in the Prospectus. As noted above, if the disposal of the Botswanan Projects to Sandfire proceeds, then the funds which would otherwise have been reserved for those projects will be available for the development of the Namibian and Zambian Projects and/or further acquisitions as and when any may be identified.

Further information about the Company is set out in the Prospectus, which is available on the Company's website at www.africanpioneerplc.com and on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

Defined terms in this announcement which are not defined herein shall have the same meanings as in the Prospectus.

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