

30 September 2021

African Pioneer Plc

(“African” or the “Company”)

Interim Results for the Six Months Ended 30 June 2021

African Pioneer Plc a company engaging in development of natural resources exploration projects in Sub-Saharan Africa, announces its unaudited interim results for the six months ended 30 June 2021.

OPERATIONAL, FINANCIAL, CORPORATE and STRATEGY REVIEWS

OPERATIONAL REVIEW

The period under review has been transformative for the Company in that the Company completed an Initial Public Offering (IPO) on the FCA’s Standard List with the shares being admitted to trading on the Main Market for listed securities of the London Stock Exchange and the acquisition of its projects in Namibia, Zambia and Botswana more details of which are provided in the Corporate Highlights section of this review.

From the IPO the Group has been engaged in development of the natural resources exploration projects in Sub-Saharan Africa. The Company’s’ main focus is on evaluating and advancing the Namibian and Zambian Projects as the Botswanan Projects are subject to the Conditional Botswana Licence Sale Agreement as described under the Corporate Review.

Technical review of Projects: After the IPO and having acquired its projects in Namibia, Zambia and Botswana, the Company commenced technical reviews and / or programmes on all of the projects located in Namibia and Zambia. The primary metal in all countries is copper with by-product potential in all of our projects. In Zambia we have potential for cobalt, in Namibia gold and in Botswana potential for silver.

Namibia: In Namibia, the Company is exercising a complete data review with the view to applying for a mining licence for the Ongombo licence which is located on the Matchless Copperbelt. The work to date have been very revealing and it appears that the mineralisation is “open ended” and potential exist for a small open pit which will thereafter facilitate mine entries. We are in discussion with a number of parties for financing the mine development either in whole or in part.

Examination of previous drilling results has indicated that gold may play a significant role in the revenues from a mine and our planning will take note of high value gold areas and our metallurgical design will include a gold recovery circuit. We intend to apply for a mining licence during the second half of 2021 with the view to developing a mine in the shortest practical time subject to mining licence grant.

Zambia: The Zambian project portfolio consists of three large copper/cobalt licences in Northwest Zambia and with two more licences in the Lusaka province. The Northwest projects are considered to be highly prospective resembling the geology of the DRC which is in close proximity in the North. The licences have been flown for air borne geophysics as well as ground geochemistry. Previous work has indicated potential drill targets which will be tested in the near future. The Lusaka licences are prospective for gold and initial reconnaissance and will be carried out during the second half of the year. We have conducted initial

reconnaissance in the north-western areas including outcrop identification, topography mapping and establishing logistics for drilling.

Botswana: The Botswana projects are in the Kalahari Copperbelt and are considered highly prospective since they are in the general area of mining development being carried out by Sandfire Resources of Australia. Sandfire subscribed to a Pre-IPO funding round and earned a 15% interest in the Company post IPO as a result of the funding. We have entered into a Conditional Licence Sale Agreement with Sandfire to acquire the Botswana licences for USD1 million together with a commitment to spend a further USD1 million within two years. On identification of viable mineralisation a one-off success payment is to be paid to Company for the first ore reserve reported under JORC Code 2012 edition on which exceeds 200,000 tonnes of contained copper (the “**First Ore Reserve**”) in the range of US\$10 million to US\$80 million depending on the amount of contained copper in the First Ore Reserve (the “**Success Payment**”).

FINANCIAL REVIEW

Financial highlights:

- £184K loss after tax (2020: £16K)
- Approximately £1.62m cash at bank at the period end (2020: £88K)
- The basic and diluted losses per share are summarised in the table below

Loss per share (pence)		30 June 21	30 June 20
Basic	Note 3	(0.45)p	(0.77)p
Diluted	Note 3	(0.39)p	(0.77)p

- The net asset value as at 30 June 2021 was £4.7m (31 December 2020: £87K)

Fundraisings:

On 11 March 2021 the Company entered into a Convertible Loan Note Subscription Agreement with Sandfire Exploration Limited, listed on the Australian Stock Exchange (“**Sandfire**”) under which Sandfire subscribed for US\$500,000 of interest free unsecured loan notes, which upon listing was converted into Ordinary Shares constituting 15 per cent. of the Company’s issued share capital.

At Listing the Company raised £1,750,000 (before expenses) through the issue of 50,000,000 new ordinary shares of no par value in the capital of the Company (“**Ordinary Shares**”) at 3.5 pence per Ordinary Share.

The funds raised on Admission provided 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 for at least 18 months. Details of these work programmes are set out in the Company’s Prospectus dated 26 May 2021. As noted below, 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.

CORPORATE REVIEW

Company Board: The Board of the Company comprises Colin Bird, Executive Chairman Raju Samtani, Finance Director Christian Cordier, Business Development Director Kjeld Thygesen, Independent Non-executive Director James Nicholas Cunningham-Davis, Non-executive Director

Listing: The Company was admitted to the Official List (Standard Segment) and commenced trading on the Main Market for listed securities of the London Stock Exchange on 1 June 2021 (the “**Listing**” or “**IPO**”).

Corporate Acquisitions: At Listing the Company completed the acquisition of projects based in Namibia, Zambia, and Botswana by acquiring:

1) 100% of Zamcu Exploration Pty Ltd (“**Zamcu**”), for £836,649 of which £687,500 was settled by the issue of Ordinary Shares at 3.5 pence per Share at Listing and cash of £149,149. Zamcu via its subsidiaries holds a 70 per cent. interest in two Namibia Exclusive Prospecting Licenses (“**EPLs**”) located within the Matchless amphibolite Belt of central Namibia (the “**Namibian Projects**”);

2) 80% of African Pioneer Zambia Limited (“**APZ**”), for £1,925,000 which was settled by the issue of Ordinary Shares at 3.5 pence per share at Listing. APZ holds a 100 per cent. interest in five 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 (the “**Zambian Projects**”); and

3) 100% of Resource Capital Partners Pty Ltd (“**RCP**”), for £350,000 which was settled by the issue of Ordinary Shares at 3.5 pence per Share at Listing. RCP which holds a 100 per cent. interest in eight 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 (the “**Botswanan Projects**”) (together the “**Projects**”) (the “**Subsidiaries**”) (together the “**Group**”).

Lock Up and Orderly Market: All the Ordinary Shares issued to vendors at Listing to acquire Zamcu, APZ and RCP were subject to a 12 month lock up from the IPO followed by a 12 month orderly market arrangement.

Conditional sale of Botswana Licences to Sandfire: 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 prospects of the Botswanan Projects and assess the best way of developing them. However, whilst working on the Listing, 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.

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 projects in Namibia and Zambia.

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. The Company is currently finalizing negotiations with Sandfire in relation to the Conditional Botswana Licence Sale Agreement and anticipates making an announcement in this regard in the near future.

Under the Conditional Botswana Licence Sale Agreement Sandfire will be committed to spend a minimum of US\$1M within 2 years of settlement (the "**Exploration Period**") and if the US\$1M is not spent, any shortfall will be paid to APP. In addition, a one-off success payment to be paid to APP for the first ore reserve reported under JORC Code 2012 edition on the Included Licences which exceeds 200,000 tonnes of contained copper (the "First Ore Reserve") in the range of US\$10 million to US\$80 million depending on the amount of contained copper in the First Ore Reserve (the "**Success Payment**").

STRATEGY REVIEW

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.

Outlook

Outlook for Copper: The future price forecast for copper is extremely positive as is the forecast for the by-product metals. The outlook for copper supply is quite bleak and we are likely to see more smaller mines being developed since most large mining copper projects have been shelved for political or economic reasons. Thus the Company is well positioned with all its projects, to take part in an acquisition boom or alternatively be a subject which attracts financing which might not have been available in the immediate past.

The major mining companies are seeking new projects for acquisition and all of our projects have fundamentals which may attract the attention of larger companies and we have already entered into an agreement with Sandfire in relation to the Botswana Projects.

Whilst politicians are trying to persuade us that inflation is at least 3 years away, the evidence is somewhat different and we feel there is a strong possibility that the spectre of inflation will loom much sooner. This might slow down major stock markets but may be good for the small mines sector since in such times they have been seen to outperform.

The Board feels they have assembled an enviable portfolio of projects and are pleased that Sandfire have elected to take a position in the Company. We look forward to advancing all our projects in the second half and providing our shareholders with the prospects of enhanced value flowing into next year.

Post Period Events

On 27 August 2021 the Company announced it had entered into an agreement to acquire a further 15% interest in its Ongombo Project and Ongeama Project in Namibia (the “**Namibian Projects**”) by increasing its interest in the Namibian Projects to 85% (further details are in Note 10 to the unaudited Interim Results).

INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authorities ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider the preceding Operational, Financial, Corporate and Strategy Review of this Half Yearly Financial Report provides details of the important events which have occurred during the period and their impact on the financial statements as well as the outlook for the Company for the remaining six months of the year ended 31 December 2021.

The following statement of the Principal Risks and Uncertainties, the Related Party Transactions, the Statement of Directors' Responsibilities and the Operational, Financial, Corporate and Strategy Review constitute the Interim Management Report of the Company for the six months ended 30 June 2021.

Principal Risks and Uncertainties

The principal risks that are specific to the Company were detailed under this heading in Part 1 Summary of the Company’s prospectus which was published on 26 May 2021 (the “**Prospectus**”) which is available on the Company’s website at www.africanpioneerplc.com Part II Risk factors of the Prospectus provides more details of risk factors specific and material to the Group and to the Natural Resources Sector. The Board are of the opinion that these risk factors will continue to remain unchanged for the forthcoming six month period.

The principal risks and uncertainties facing the group are as follows:

- There are significant risks associated with any exploration project and the ability of the Company to explore, develop and generate operational cashflows from its projects
- No assurances can be given that minerals will be discovered in economically viable quantities at the Company’s projects
- Adverse foreign exchange fluctuations

The Board has also reviewed emerging risks which may impact the forthcoming six-month period and the main risk facing the Company is the ongoing impact of the COVID-19 pandemic which to date has not had a significant impact on the Company’s operations.

Related Party Transactions during the period

1. Issue of shares at the IPO as disclosed in the Prospectus

- a) The Company entered into a Share Purchase Agreement, dated 29 October 2020 (“**Zamcu SPA**”) with Tonehill Pty Ltd, Coreks Super Pty Ltd and Breamline Pty Limited (“**Zamcu Sellers**”) under which the Zamcu Sellers (which are controlled by Christian Cordier) agreed to sell to the Company their collective 100 per cent. ownership interests in Zamcu in return for 10,000,000 shares issued at the IPO with an issue price of 3.5 pence per share in the Company (“**Consideration Shares**”). The sale is subject to a 12 month lock-in during which the Zamcu Sellers are not permitted to sell their Consideration Shares in the Company, followed by a 12 month orderly markets period during which the Zamcu Sellers are required to work with the Company’s broker for 30 days prior to making any sale.
- b) The Company entered into a Share Purchase Agreement, dated 29 October 2020 (“**RCP SPA**”) with M&A Wealth Pty Ltd and Breamline Pty Limited (a company controlled by Christian Cordier) (“**RCP Sellers**”) under which the RCP Sellers agreed to sell to the Company their collective 100 per cent. ownership interests in RCP in return for 10,000,000 Consideration Shares in the Company issued at the IPO, of which each RCP Seller received 5,000,000 Consideration Shares. The sale is subject to a 12 month lock-in during which the RCP Sellers are not permitted to sell their Consideration Shares in the Company, followed by a 12 month orderly markets period during which sellers are required to work with the Company’s broker for 30 days prior to making any sale.
- c) The Company entered into a Share Purchase Agreement, dated 25 November 2020 (“**APZ SPA**”) with Raju Samtani, Colin Bird, Mohamad Ahmad, Caleb Amos Mulenga, Lukonde Makungu and Camden Park Trading (a company controlled by Colin Bird) (“**AP Zambia Sellers**”) under which the AP Zambia Sellers agreed to sell to the Company their collective 80 per cent. ownership interests in African Pioneer Zambia Pty Limited (“**AP Zambia**”) in return for 55,000,000 Consideration Shares in the Company issued at the IPO, in proportion to their existing holdings of which 15,000,000 Considerations Shares were issued to each of Colin Bird and Raju Samtani and 5,000,000 Consideration Shares were issued to Camden Park Trading. The sale is subject to a 12 month lock-in during which the AP Zambia Sellers are not permitted to sell their Consideration Shares in the Company, followed by a 12 month orderly markets period during which sellers are required to work with the Company’s broker for 30 days prior to making any sale.

2. **Directors’ Letters of Appointment and Service Agreements as disclosed in the Prospectus**

- a) Pursuant to an agreement dated 24 May 2021, the Company renewed the appointment of James Cunningham-Davis as a Director. The appointment continues unless terminated by either party giving to the other 3 months’ notice in writing. James Cunningham-Davis is entitled to director’s fees of £12,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties which will be invoiced by Cavendish Trust Company Ltd an Isle of Man Trust Company that James Cunningham-Davis is a founder and managing director of. James Cunningham-Davis is not entitled to any pension, medical or similar employee benefits. The agreement replaces all previous agreements with James Cunningham-Davis and/or Cavendish Trust Company Ltd in relation to the appointment of James Cunningham-Davis as a director of the Company.
- b) Pursuant to an agreement dated 24 May 2021, the Company appointed Kjeld Thygesen as a non-executive Director with effect from the date of the IPO. The appointment continues unless terminated by either party giving to the other 3 months’ notice in writing and Kjeld Thygesen is entitled to director’s fees of £18,000 per annum for being a director of the Company plus

reasonable and properly documented expenses incurred during the performance of his duties. Kjeld Thygesen is not entitled to any pension, medical or similar employee benefits.

- c) Pursuant to an agreement dated 24 May 2021, the Company renewed the appointment of Colin Bird as a Director. The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Colin Bird is entitled to director's fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Colin Bird is not entitled to any pension, medical or similar employee benefits. The agreement replaces all previous agreements with Colin Bird in relation to his appointment as a director of the Company.
- d) Pursuant to a consultancy agreement dated 24 May 2021, the Company has, with effect from the date of the IPO, appointed Colin Bird as a consultant to provide technical advisory services in relation to its current and future projects including but not limited to assessing existing geological data and studies, existing mine development studies and developing exploration programs and defining the framework of future geological and mine study reports (the "Colin Bird Services"). The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Colin Bird is entitled to fees of £3,500 per month for being a consultant to the Company plus reasonable and properly documented expenses incurred during the performance of the Colin Bird Services.
- e) Pursuant to an agreement dated 24 May 2021, the Company renewed the appointment of Raju Samtani. The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Raju Samtani is entitled to director's fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Raju Samtani is not entitled to any pension, medical or similar employee benefits. The agreement replaces all previous agreements with Raju Samtani in relation to his appointment as a director of the Company.
- f) Pursuant to a consultancy agreement dated 24 May 2021, the Company has, with effect from the date of Admission, appointed Raju Samtani as a financial consultant to provide financial advisory services to the Company (the "Raju Samtani Services"). The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Raju Samtani is entitled to fees of £2,667 per month for being a consultant to the Company plus reasonable and properly documented expenses incurred during the performance of the Raju Samtani Services.
- g) Pursuant to an agreement dated 24 May 2021, the Company appointed Christian Cordier as a Director with effect from the date of Admission. The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Christian Cordier is entitled to director's fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Christian Cordier is not entitled to any pension, medical or similar employee benefits.
- h) Pursuant to a consultancy agreement dated 24 May 2021, with Mystic Light Pty Ltd a personal service company of Christian Cordier the Company has secured the services of Christian Cordier, with effect from the date of the IPO, as a business development consultant to provide business development advisory services to the Company in relation to its existing and future projects (the "Christian Cordier Services"). The appointment continues unless terminated by either party giving to the other 3 months' notice in writing. Mystic Light Pty Ltd is entitled to fees of £1,000 per

month for providing the Christian Cordier Services plus reasonable and properly documented expenses incurred during the performance of the Christian Cordier Services.

3. Related Party transactions described in the annual report to 31 December 2020

Other than disclosed above there have been no changes in the related parties transactions described in the annual report for the year ended 31 December 2020 that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year

Responsibility Statement

The Directors, whose names and functions are set out in this report under the heading Company Board, are responsible for preparing the Unaudited Interim Condensed Consolidated Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial reporting (IAS34). The Directors confirm that, to the best of their knowledge, this Unaudited Interim Condensed Consolidated Report, which has been prepared in accordance with IAS34, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management report includes a fair review of the information required by DTR 4.2.7 R and by DTR 4.2.8 R, namely:

- an indication of key events occurred during the period and their impact on the Unaudited Interim Condensed Consolidated Financial Statements and a description of the principal risks and uncertainties for the second half of the financial year; and
- material related party transactions that have taken place during the period and that have materially affected the financial position or the performance of the business during that period.”

For and on behalf of the Board of Directors

Colin Bird

Executive Chairman

29 September 2021

For further information, please contact:

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or visit <https://africanpioneerplc.com/>

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

Group Statement of Profit and Loss

For the six months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June 2021 £'000	Unaudited Six months ended 30 June 2020 £'000
Income			
Dividend receivable		139	236
Realised loss on sale of investments		-	(48,625)
Unrealised gain on investments		16,942	44,104
Total income		17,081	4,285
Operating expenses		(195,900)	11,823
Group operating loss		(178,819)	(16,108)
Interest costs		(4,830)	-
Loss before taxation		(183,649)	(16,108)
Taxation		-	-
Loss for the period		(183,649)	(16,108)
Loss per share (pence)			
Basic	3	(0.45)p	(0.77)p
Diluted	3	(0.39)p	(0.77)p

Group Statement of Other Comprehensive Income

For the six months ended 30 June 2021

	Unaudited Six months ended 30 June 2021 £	Unaudited Six months ended 30 June 2020 £
Other comprehensive income:		
Loss for the period	(183,649)	(16,108)
<i>Items that may be reclassified to profit or loss:</i>		
Foreign currency reserve movement	-	-
Total comprehensive loss for the period	(183,649)	(16,108)

Group Statement of Changes in Equity
For the six months ended 30 June 2021

	Share Capital £	Capital Contribution £	Retained Earnings £	Total Equity £
Unaudited – six months ended 30 June 2021				
Balance at 1 January 2021	452,983	186,446	(552,315)	87,114
Current period loss	-	-	(183,649)	(183,649)
Total comprehensive loss for the period	-	-	(183,649)	(183,649)
Net proceeds from shares issued	1,844,431	-	-	1,844,431
Acquisition of subsidiaries	2,962,500			2,962,500
Loan notes converted into shares	186,446	(186,446)	-	-
Balance at 30 June 2021	5,446,360	-	(735,964)	4,710,396
Unaudited – six months ended 30 June 2020				
Balance at 1 January 2020	452,983	61,446	(462,159)	52,270
Current period loss	-	-	(16,108)	(16,108)
Total comprehensive loss for the period	-		(16,108)	(16,108)
Net proceeds from shares issued	-	-	-	-
Balance at 30 June 2020	452,983	61,446	(478,267)	36,162

Group Balance Sheet

As at 30 June 2021

		Unaudited 30 June 2021 £	Audited 31 December 2020 £
ASSETS			
Non-current assets			
Investments	4	116,046	99,105
Exploration and evaluation assets	6	3,152,373	-
Total non-current assets		3,268,419	99,105
Current assets			
Trade and other receivables		41,533	420
Cash and cash equivalents		1,619,973	87,462
Total current assets		1,661,506	87,882
TOTAL ASSETS		4,929,925	186,987
LIABILITIES			
Current liabilities			
Trade and other payables		219,529	50,730
Total current liabilities		219,529	50,730
NET CURRENT ASSETS		1,441,977	37,152
Non-current liabilities			
Loans		-	(49,143)
Total non-current liabilities		-	(49,143)
TOTAL LIABILITIES		219,529	(99,873)
NET ASSETS		4,710,396	87,114
EQUITY			
Share capital	7	5,446,360	452,983
Capital contribution		-	186,446
Retained earnings		(735,964)	(552,315)
TOTAL EQUITY		4,710,396	87,114

Group Statement of Cash Flows
For the six months ended 30 June 2021

	Unaudited Six months ended 30 June 2021 £	Unaudited Six months ended 30 June 2020 £
Cash flows from operating activities		
Loss before tax	(183,649)	(16,108)
Adjustments for:		
Dividends received	(139)	(236)
Loss on sale of investments	-	48,625
Unrealised gain on investments	(16,942)	(44,104)
(Increase)/decrease in receivables	(41,112)	210
Increase in payables	119,656	49,287
Net cash inflow from operating activities	<u>(122,186)</u>	<u>37,674</u>
Cash flows from/(used) in investing activities		
Dividends received	139	236
Net movement in Investments held	-	(5,632)
Purchase of Exploration and Evaluation assets on Acquisition of subsidiaries	(3,152,373)	-
	<u>(3,152,234)</u>	<u>(5,396)</u>
Cash flows from financing activities		
Proceeds from Issue of shares, net of issue costs	8 1,844,431	-
Shares issued to acquire subsidiaries	2,962,500	-
	<u>4,806,931</u>	<u>-</u>
Increase in cash	1,532,511	32,278
Cash and cash equivalents at beginning of period	87,462	1,576
Cash and cash equivalents at end of period	<u>1,619,973</u>	<u>33,854</u>

Notes to the interim financial information
For the six months ended 30 June 2021

1. General information

This financial information is for African Pioneer Plc (“the Company”) and its subsidiary undertakings. The principal activity of African Pioneer Plc (the ‘Company’) and its subsidiaries (together the ‘Group’) is the development of natural resources exploration projects in Sub-Saharan Africa. The Company is a public limited company and was listed on to the Official List (Standard Segment) and commenced trading on the Main Market for listed securities of the London Stock Exchange on 1 June 2021. The Company is domiciled in the Isle of Man and was incorporated on 20th July 2012 under the Isle of Man Companies Act 2006 with company registration number 00859IV, and with registered address being 34 North Quay, Douglas, Isle of Man, IM1 4LB.

2. Basis of preparation

The unaudited interim financial information set out above, which incorporates the financial information of the Company and its subsidiary undertakings (the “**Group**”), has been prepared using the historical cost convention and in accordance with International Financial Reporting Standards (“**IFRS**”).

These interim results for the six months ended 30 June 2021 are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2020 were audited and the auditors’ report on those financial statements was unqualified and contained a material uncertainty pertaining to going concern.

The same accounting policies, presentation and methods of computation have been followed in these unaudited interim financial statements as those which were applied in the preparation of the company’s annual financial statements for the year ended 31 December 2020.

The interim consolidated financial information incorporates the financial statements of African Pioneer Plc and its subsidiaries.

Going concern basis of accounting

The Group made a loss from all operations for the six months ended 30 June 2021 after tax of £183,649 (2020: £16,108), had negative cash flows from operations and is currently not generating revenues. However, during the period the Company raised £1,750,000 (gross) at the time of the Company’s Listing and £365,000 by a share subscription by Sandfire Resources Limited and Cash and cash equivalents were £1.62 million as at 30 June 2021, which will enable the Company to commence its exploration activities on its newly acquired projects. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will need to raise funding to provide additional working capital to finance its ongoing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

Based on the Board's assessment that the Company will be able to raise additional funds, as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Group can continue in operational existence for the foreseeable future. For these reasons the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

3. Earnings per share

	Unaudited 30 June 2021 £	Unaudited 30 June 2020 £
(Loss) attributable to equity holders of the Company	(183,649)	(16,108)
Weighted average number of shares	41,187,791	11,729,826
Weighted average number of shares and warrants	47,440,119	11,729,826
Basic loss per ordinary share	(0.45)p	(0.14)p
Diluted loss per ordinary share	(0.39)p	(0.14)p

The use of the weighted average number of shares in issue in the period recognises the variations in the number of shares throughout the period and is in accordance with IAS 33.

4. Investments

The Company has adopted the provisions of IFRS9 and has elected to treat all available for sale investments at fair value with changes through the profit and loss.

Available-for-sale investments under IFRS9 are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IFRS 13. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. All gains and losses are taken to profit and loss.

The Company's intention following its Listing is not to purchase any new investments and to hold its residual portfolio as realisable investments as a source of liquidity to cover explorations costs and general overheads of the Company.

5. Acquisition of subsidiaries

Acquisition of Zamcu Exploration Pty Limited (Namibian Projects)

On 1 June 2021 the Company completed the acquisition of 100% of Zamcu Exploration Pty Ltd ("Zamcu"), which via its subsidiaries, holds a 70 per cent. interest in two Namibian Exclusive Prospecting Licenses ("EPLs") comprising the Ongombo and Ongeama projects, located within the Matchless amphibolite Belt of central Namibia that hosts copper-gold mineralisation;

The fair value of the assets and liabilities acquired were as follows:

	Oct 2020 £
Consideration	
Equity consideration	
• Ordinary shares (issued)	687,500
Cash consideration	149,149
	<u>836,649</u>
Fair value of assets and liabilities acquired	
• Assets	-
• Liabilities	(262)
	<u>(262)</u>
	<u>836,911</u>
Deemed fair value of exploration assets acquired	

Acquisition of African Pioneer Zambia Limited (“APZ”) (Zambia Projects)

On 1 June 2021 the Company completed the acquisition of 80% of APZ, which holds a 100 per cent. interest in five Zambian Prospecting Licenses (PLs) located in two areas namely (i) the Central Africa Copperbelt (Copperbelt), which is the largest and most prolific mineralized sediment-hosted copper province known on Earth and which comprises four PLs and (ii) the Zambezi area located within the Zambezi Belt of southern Zambia that hosts a lower Katanga Supergroup succession which, although less studied than its northern counterpart, also hosts a number of Copperbelt-style occurrences and which comprises one PL.

The fair value of the assets and liabilities acquired were as follows:

	Oct 2020 £
Ordinary shares (issued)	1,925,000
Fair value of assets and liabilities acquired	
• Assets	743
• Loan for exploration licenses	(41,205)
	<u>(40,462)</u>
Deemed fair value of • exploration assets acquired	<u>1,965,462</u>

Resource Capital Partners Pty Ltd (“RCP”) (Botswana Projects)

On 1 June 2021 the Company completed the acquisition of 100% of Resource Capital Partners Pty Ltd (“RCP”), which holds a 100 per cent. interest in eight Botswana Prospecting Licenses (“PLs”)

located in two areas namely (i) the Kalahari Copperbelt (KC) that contains copper-silver mineralisation and which is generally stratabound and hosted in metasedimentary rocks that have been folded, faulted and metamorphosed to greenschist facies during the Damara Orogeny and which comprises six PLs and (ii) the Limpopo Mobile Belt (“Limpopo”) set within the Motloutse Complex of eastern Botswana, a transitional boundary between the Zimbabwe Craton to the north and the Limpopo Mobile Belt to the south which comprises two PLs.

The fair value of the assets and liabilities acquired were as follows:

	Oct 2020 £
Consideration	
Equity consideration	
• Ordinary shares (issued)	<u>350,000</u>
 Fair value of assets and liabilities acquired	
• Assets	-
• Liabilities	<u>-</u>
	-
 Deemed fair value of exploration assets acquired	 <u>350,000</u>

6. Exploration and evaluation assets

	30 June 2021 £	31 Dec 2020 £
Balance at beginning of period	-	-
Acquisitions during the period		
• Namibia Projects (note 5)	836,911	-
• Zambia Projects (note 5)	1,965,462	-
• Botswana Projects (note 5)	350,000	-
 Carried forward at end of period	 <u>3,152,373</u>	 <u>-</u>

6.1 Exploration assets

The Company’s principal business is to explore opportunities within the natural resources sector in Sub-Saharan Africa, with a focus on base and precious metals including but not limited to

copper, nickel, lead and zinc. The Company has acquired the Namibia Projects, Zambia Projects and Botswana Projects (see Note 5 for details).

No current JORC 2012 compliant Mineral Resources exist for any of the Projects and no Mineral Reserve estimates have been completed for the Projects.

The Company's main focus following Admission is on evaluating and advancing the Namibian and Zambian Projects as the Botswana Projects are the subject of the Conditional Botswana Licence Sale Agreement described in the following paragraph.

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 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 agreed to come in as a cornerstone investor into the Company making a US\$500,000 investment in the Company as described in Note 8.

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. The Company is currently finalizing negotiations with Sandfire in relation to the Conditional Botswana Licence Sale Agreement and anticipates making an announcement in this regard in the near future.

6.2 Exploration assets accounting policy

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are

expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are transferred to development assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

7. Share Capital

The share capital of African Pioneer Plc consists only of fully paid ordinary shares with no par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

Group	30 June 2021	
	Number	£
Authorised:		
1,000,000,000 ordinary shares of no par value ¹	1,000,000,000	n/a
¹ on 7th December 2020, the company increased its authorized share capital from 500,000,000 shares to 1,000,000,000 shares		
As at 1 January 2021 ²	11,729,826	452,983
Shares issued during the period	177,729,724	5,440,877
Share issue costs	-	(447,500)
As at 30 June 2021	189,459,550	5,446,360
² on 7th December 2020, the company consolidated its ordinary shares of zero par value on a 10 existing shares to 1 new share basis which resulted in a reduction of the total number of ordinary shares in issue from 117,298,200 to 11,729,826		
Movement in shares issued during the period		
Shares issued from placing on admission	50,000,000	1,750,000
Share issued on acquisition on subsidiaries	84,642,857	2,962,500
Conversion of loans and share subscriptions	39,847,503	615,000
Advisers' fees settled by shares	3,239,364	113,377
Total	177,729,724	5,440,877

The Company issued the following warrants during the period

Number	Date granted	Exercise price	Expiry	Vesting conditions
8,571,428	01/06/2021	3.5p	21 Oct 23	upon being granted

2,500,000	01/06/2021	3.5p	1 June 24	upon being granted
25,000,000	01/06/2021	5.25p	1 June 23	upon being granted
1,420,947	01/06/2021	3.5p	1 June 24	upon being granted
<u>230,000</u>	01/06/2021	3.5p	1 June 23	upon being granted
37,722,375				

8. Proceeds from the issuance of ordinary shares

	Six months to 30 June 2021	YE 31 December 2020
	£	£
Share capital at end of period (Note 7)	5,446,360	-
Advisers' fees settled by shares	(113,377)	-
Conversion of loans and share subscriptions ¹	(615,000)	-
Share issued on acquisition on subsidiaries	(2,962,500)	-
Listing costs	447,500	-
Share capital and premium at beginning of year	(452,983)	-
	<u>1,302,500</u>	-

¹The £615,000 conversion was at Listing and comprised;

- £150,000 in relation to a 21 October 2020 convertible loan note agreement with Sanderson Capital Partners ("**Sanderson**") for £150,000. Sanderson advanced the sum of £125,000 under this agreement prior to 31 December 2020 and the balancing £25,000 was received by the Company on 4 February 2021; and
- £100,000 in relation to a 20 June 2018 loan agreement with Tiger Royalties and Investments Plc ("**Tiger**") under which Tiger loaned to the Company £100,000 due to convert on Listing into 2,857,143 New Ordinary Shares in the Company as agreed between Tiger and the Company under a settlement letter, dated 8 February 2021; and
- £365,000 in relation to a 11 March 2021 Convertible Loan Note Subscription Agreement with Sandfire Exploration Limited, listed on the Australian Stock Exchange ("**Sandfire**") under which Sandfire subscribed for US\$500,000 of interest free unsecured loan notes, which upon Listing converted into Ordinary Shares constituting 15 per cent. of the Company's issued share capital.

	Six months to 30 June 2021	Six months to 30 June 2020
	£	£
Gross Funds raised from placing on admission	1,750,000	-
Listing costs	(447,500)	-
Net proceeds received from placing	<u>1,302,500</u>	-
Advisers' fees settled by shares	113,377	-
Conversion of pre IPO loans received to shares	615,000	-
Loan notes converted into shares	<u>(186,446)</u>	-

Net proceeds from issue of shares

1,844,431

-

9. Concert party

At the period end the Concert Party, further details of which were disclosed in the Company's prospectus dated 26 May 2021, held an aggregated interest of 51.11%

10. Subsequent events

On 27 August 2021 the Company entered into an agreement to acquire a further 15% interest in its Ongombo Project and Ongeama Project in Namibian (the "Namibian Projects") increasing its interest in the Namibian Projects to 85%.

The 15% interest in the Namibia Projects is being acquired by the Company through its wholly owned subsidiary Zamcu Exploration Pty Ltd which is acquiring a 15% shareholding in each of Manmar Investments One Hundred and Twenty Nine (Pty) Ltd and Manmar Investments One Three Six (Pty) Ltd for an aggregated cash payments of AUD528,000 (approx. GBP278,495) and the issue of 2,248,295 ordinary shares of no par value each (the "New Ordinary Shares") to settle AUD100,000 (approx. GBP52,745). The New Ordinary Shares will be issued to the vendor, Mr. Wilhelm Shali who holds the remaining 15% interest in Namibian Projects and who is a member of the Concert Party further details of which are disclosed in the Company's prospectus dated 26 May 2021. The New Ordinary Shares are subject to a 12 month lock up and will increase Mr. Shali's shareholding to 7,124,675 shares which will represent 3.71% of the share capital as enlarged by the issue of the New Ordinary Shares. Accordingly, following Admission the aggregated Concert Party interest will be 51.72%. In addition, pursuant to the agreement, the Company will have first right of refusal should Mr. Shali want to sell his remaining 15% interest and he is prohibited from any sale which could prejudice the Company's ability to comply with any ownership or licensing requirements under any applicable laws or regulations.