# AFRICAN PIONEER PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Company no 008591V)

**CONTENTS:**

## COMPANY INFORMATION

| | |
|---|---|
| **DIRECTORS**<br>C Bird (Chairman)<br>R Samtani (Finance Director)<br>C Cordier (Business Development Director)<br>K Thygesen (Independent Non-Executive Director)<br>J Cunningham-Davis (Non-Executive Director) | **BANKERS**<br><br>Standard Bank<br>Standard Bank House<br>One Circular Road<br>Douglas, Isle of Man<br>IM1 1SB |
| **SECRETARY**<br>Cavendish Secretaries Limited | **SOLICITORS (Isle of Man law)**<br>Simcocks LLP<br>Ridgeway House,<br>Ridgeway Street,<br>Douglas, Isle of Man<br>IM99 1PY |
| **REGISTERED OFFICE**<br>19-21 Circular<br>Douglas<br>Isle of Man<br>IM1 1AF | **SOLICITORS (English law)**<br>Collyer Bristow LLP<br>140 Brompton Road,<br>Knightsbridge,<br>London SW3 1HY, England |
| **FINANCIAL ADVISER**<br>Beaumont Cornish Limited<br>Building 3,<br>566 Chiswick High Road,<br>London W4 5YE, England | **REGISTERED AGENT**<br>Cavendish Trust Company Limited<br>19-21 Circular<br>Douglas, Isle of Man<br>IM1 1AF |
| **REGISTERED NUMBER**<br>008591V | **AUDITORS**<br>Shipleys LLP<br>10 Orange Street<br>London WC2H 7DQ |

## KEY HIGHLIGHTS

- Consolidated Net assets – £ 5,238,820 (2021 restated – £ 5,941,948)
- Consolidated (Loss)/Profit - Loss – £ (670,871) (2021 - Profit restated – £273,471)
- The Group reports its results and raises funds in Pounds Sterling (GBP).
- Its primary assets are in Namibia, Botswana and Zambia

## CHAIRMAN' STATEMENT

Dear Shareholder,

African Pioneer has continued to make good progress during the period under review.

The Company has the benefit of major mining company shareholders and joint venture partners and/or option partners and is involved in two large exploration projects in Northwest Zambia and Botswana.

In Zambia the company has granted an option with First Quantum Minerals Ltd ("**First Quantum**") over its North-western exploration projects and in Botswana the Company has granted Sandfire Resources Limited ("**Sandfire**") an option over a number of its Kalahari Copperbelt projects, whilst retaining some licences for its own exploration activities.

In Namibia the Company has a significant exploration project, which during the year was granted a mining licence and plans are underway to bring this licence to account and commence mining activities.

During the year we carried out a drilling exercise on the Ongombo licence and had some considerable success in identifying near surface material, which will allow the company to consider when mine planning, a 2-3 year mine life open pit, which will facilitate entry into the proposed underground mine. During the period under review and post the reporting period, we have been re-evaluating the ore resource at Ongombo and anticipate reporting an updated resource in Q2 2023, which takes into consideration the contribution of the gold, which is in association with copper and the recently drilled out open pit resource.

We are confident that our final resource model will lead to a meaningful mining situation with initial open pit and less complicated mining approach.

In Zambia, during the option period, First Quantum have reported considerable success with their initial fieldwork and drilling programmes. Their work has covered all aspects of exploration, including deep holes. The outcome has shown the project to be extremely high in potential with First Quantum stating their believe that the orebody style resembles that of the Kamoa-Kakula mine in the nearby Congo and the Western Foreland style mineralisation associated with Kamoa. This represents a potential significant major discovery for Zambia, First Quantum and of course, African Pioneer.

Apart from the deeper style Kamoa-Kakula mineralisation, there has been near surface mineral discoveries with indication of grades somewhat higher than traditional Copperbelt. This mineralisation is again, considered to be similar to Kolwezi mineralisation, which supported major high-grade mining in the DRC.

We are extremely excited about the prospects of our licences and look forward to a year of more intensive exploration and therefore more definition of overall potential.

The Botswana joint venture with Sandfire continues satisfactorily and our own exploration, which intercepted the sought after lithology has been reinterpreted and we are excited about the prospects and the regions yet to be tested. The Kalahari

Copperbelt has been the region of much interest over the last 18 months, with old theories and models being challenged by new discoveries and drilling results.

Most of this new work adds value to our positions and reinforces our believe that one or more licences have the potential to enhance considerable shareholder value to the African Pioneer holders.

Despite considerable headwinds the copper price stayed strong throughout the period, with forecast for the coming years, ranging from USD10-USD15,000 per tonne.

We believe the crunch time for the supply side for copper will begin during mid '24 and continue through mid '25 and beyond. This will make all junior mining companies who have good copper resources in reliable jurisdictions, targets for acquisitions for by major mining companies, traders and others.

We are confident that African Pioneer has an excellent copper resource base and is well positioned for such corporate activity.

I thank my fellow directors and management for their efforts during the period under review and beyond and we all continue to live in anticipation of small company renaissance, which is inevitable but long awaited.

Yours sincerely,

**Colin Bird, Chairman**
**African Pioneer Plc**
**28 April 2023**

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Colin Bird** - Executive Chairman

Colin is a chartered mining engineer and a Fellow of the Institute of Materials, Minerals and Mining with more than 40 years' experience in resource operations management, corporate management, and finance. Colin has multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US$260 million in November 2009.

**Raju Samtani** - Finance Director

Raju is currently finance director of Tiger Royalties and Investments Plc, listed on AIM. His previous experience includes three years as Group Financial Controller at marketing services agency WTS Group Limited, where he was appointed by the Virgin Group to oversee their investment in the WTS Group Ltd. More recently he was finance director of Kiwara Plc which was acquired by First Quantum Minerals Ltd in January 2010. Over the last few years, he has been involved in senior managerial positions for several AIM/Johannesburg Stock Exchange listed companies predominantly in the resource sector and has also been involved in FCA compliance work within the investment business sector.

**Christian Cordier** - Business Development Director

Christian has had considerable involvement in corporate finance and investments in both public and private mining and exploration companies for over 22 years. His portfolio includes joint ventures with major international mining houses, investments in listed companies in the United Kingdom, Australia and Southern Africa as well as private mining operations. He has extensive experience in sourcing natural resource projects and nurturing them through the value curve by packaging and arranging venture funding, managing the permitting and exploration process, negotiating off-take agreements and the formation of a strong management team. He worked as CFO and senior accountant as well as company secretary for private and public companies and is a member of SA Institute for Professional Accountants ("SAIPA"). Christian has done transactions in Coal, Platinum Group Metals, Chrome, Copper, Potash, Phosphates, Diamonds, Gold, Lithium and Manganese. Christian focuses on business development and wealth creation for private and publicly listed companies in the mining and exploration sector.

**Kjeld Thygesen** - Independent Non-Executive Director

Kjeld Thygesen is mining investment veteran of more than 45 years. After being a mining analyst at James Capel in the latter half of the 1970's he was manager of the commodities department at Rothschild Asset Management between 1980-89. In 1990 he formed Lion Resource Advisors as a specialist adviser in the mining and natural resource sectors. LRA was the advisor to the Midas Fund in the US between 1992 - 2000, which was one of the top performing finds during that period. From 2002-2008 he was Investment director of Resources Investment Trust, a London listed investment trust which returned a threefold investment during that period. He has served on several mining company boards over the past twenty years.

**James Cunningham-Davis** - Non-Executive Director

James Cunningham-Davis is a qualified Solicitor and a Fellow of the Chartered Institute for Securities & Investment, founder of the law firm Buckingham Legal and founder and Managing Director of Cavendish Trust Company Ltd, and Cavendish Secretaries Limited, all of which are headquartered in the Isle of Man. Cavendish Trust and Cavendish Secretaries provide professional services to many private companies and various listed companies, across a number of sectors of industry and finance in many jurisdictions, though particularly in the Natural Resources/Mining, Technology and Property sectors. James has worked within the international legal and corporate finance/service sectors for more than 25 years and has held many directorships in both private and listed companies.

# FINANCIAL CORPORATE AND OPERATIONAL REVIEW

## INTRODUCTION

**African Pioneer Plc a company engaging in development of natural resources exploration projects in Sub-Saharan Africa presents its year-end results for the year ended 31 December 2022.**

The Directors are required to provide a year-end report in accordance with the Financial Conduct Authorities ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider this Financial, Corporate and Operational Review along with the Chairman's Report, the Strategic Review and the Director's 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 going forward.

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 the Option Agreement of selected Botswanan Projects with Sandfire Resources and also the more recent the option agreement with First Quantum on its 4 North-West Zambian licences) 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.

## FINANCIAL REVIEW

**Financial highlights:**

- Consolidated (Loss)/Profit Loss: £671k £loss after tax (2021: £273k - profit)
- Approximately £72k cash at bank at the period end (2021: £1.19m).
- The basic and diluted profit (losses) per share are summarised in the table below
  Profit (Loss) per share
  (pence)

| | | 2022 | 2021 restated |
|---|---|---|---|
| Basic | Note 6 | ( 0.35)p | 0.24p |
| Diluted | Note 6 | (0.29)p | 0..20p |

- Net asset value as at 31 December 2022 was £5.36m (31 December 2021 £6.06m)

**Fundraisings:**

The Company did not undertake any fundraisings during the period as it had sufficient working capital from the funds raised in 2021 at Admission and the option payment received from Sandfire Resources Limited in relation to certain of the Botswana Projects.

## 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.

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

**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 Transactions:** On 19 January 2022, the Company and its 80% owned subsidiary African Pioneer Zambia Ltd ("African Pioneer Zambia") entered into an option agreement with First Quantum Minerals Ltd ("**First Quantum**") (listed on the Toronto Stock Exchange) in relation to 4 of the 5 Zambian exploration licences held by African Pioneer Zambia (the "**Option Agreement**").

**Highlights of Option Agreement:**

- The four exploration licences the subject of the Option Agreement are in the highly prospective Central Africa Copperbelt in northwest Zambia which is the largest and most prolific mineralized sediment- hosted copper province in the world and are located less than 100km from First Quantum's giant Sentinel copper mine.
- The exploration licenses include geological formations similar in age and rock type to that hosting the major copper deposits of the Copperbelt
- During the initial 18-month option period First Quantum has the right but not the obligation to spend US500,000 on each of the exploration licences 27767-HQ-LEL, 27768-HQ-LEL, 27770-HQ-LEL, and 27771-HQ-LEL (the "**Zambian Projects**"). At this stage First Quantum will not have earned any shares in African Pioneer Zambia, just the right to proceed to take one or more of the properties into the First Earn In Period by issuing an Option Exercise Notice.
- During the First Earn In Period, First Quantum then has 2 years when it has the right but not the obligation to prepare a Technical Report in respect of the Zambian Projects demonstrating an Indicated Mineral Resource of at least 300,000 tonnes of contained copper (the "**Technical Report Requirement**"). First Quantum is to fund the Technical Report. Once the Technical Report is issued First Quantum has the right to be issued shares equal to a 51% shareholding in African Pioneer Zambia. This will also trigger the Second Earn-In Period.
- In the Second Earn-In Period First Quantum shall have the right but not the obligation to complete all necessary mining, metallurgical and development studies to establish a mine at the Property and make a public announcement that it intends to proceed towards commercial development of a Mine on the Property (a "**Decision to Mine**"). First Quantum is to fund all costs related to the Decision to Mine. Once First Quantum announces a Decision to Mine First Quantum has the right to be issued shares in African Pioneer Zambia to increase their 51% shareholding in African Pioneer Zambia to 75%.

**Additional Information**

**First Quantum:** is one of the world's top 10 copper producers operating in several countries including Zambia where it owns the Sentinel and Kansanshi mines in North West Zambia and is known for its specialist technical engineering construction and operational skills which have allowed it to develop and successfully run complex mines and processing plants. Colin Bird, the chairman of African Pioneer, was a founder of and floated Kiwara Plc in around 2008 which discovered copper in northwest Zambia and was sold to First Quantum in 2009 for U$260 million. First Quantum then developed the Kiwara Plc projects into the Sentinel mine which is the world's 14th largest copper mine.

**Zambian Projects:** The licence package covers part of the north-western extension of the Zambian Copperbelt. The properties are located within 80-100km of First Quantum's giant Sentinel copper mine, one of the largest copper mines in Africa, with a reported Measured and Indicated Resources of 891Mt @ 0.45% Cu. They also lie close to the Enterprise nickel deposit (37.7Mt @ 1.03% Ni) which is being reportedly moved towards development.

# FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

The Zambian Projects lie on the Lufilian Fold Belt in the Domes region of the Central African Copperbelt, straddling the western boundary of the Kabompo Dome, underlain principally by rocks of the Lower and Upper Roan, as well as the stratigraphically higher Kundelungu and Nguba Groups. This geological package is similar in age and rock type to that hosting the major copper deposits of the Copperbelt, including Sentinel. Therefore, the licence areas are considered to be strongly prospective for Copperbelt-type copper/cobalt and/or nickel deposits. They are historically underexplored, representing the westerly extension of the Copperbelt which has not been investigated in detail, as previous work focussed primarily on the central part of the zone.

On the Luamata South licence (27771-HQ-LEL), African Pioneer has acquired a valuable exploration package arising from recent work by MMG Zambia Ltd ('MMG') which highlights strong soil/airborne magnetic targets that were not drill tested, as MMG pulled out of Zambia. The Samuteba East licence (27770-HQ-LEL) was recently held by Anglo American which also carried out airborne magnetic surveying and reconnaissance soil sampling before exiting the Copperbelt. The soil data highlights several copper anomalies of considerable interest.

Exploration licence 27769-HQ-LEL owned by African Pioneer Zambia which is not covered by the Option Agreement is in the Zambezi area located within the Zambezi belt of southern Zambia that hosts a Lower Katanga supergroups succession will be transferred from African Pioneer Zambia to a new Zambian company to be owned 80% by the Company and 20% by its local partners.

## OPERATIONAL REVIEW

The Company completed an Initial Public Offering (IPO) on the Standard List of the London Stock Exchange and the acquisition of its projects in Namibia, Zambia and Botswana in 2021 and in 2022 granted an option to First Quantum in relation to 4 of the 5 Zambian exploration licences held by African Pioneer Zambia more details of which are provided in the Corporate Highlights section of this 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 its 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 Botswana for silver and in Namibia for gold.

## NAMIBIA:

The Company has a 85% interest in the Namibian Projects and on 20 December 2021 announced a 3.76 Mt increase in the Measured & Indicated Mineral Resources of the Ongombo Project Mineral Resources to 10.47Mt @ 1.4% Cu, 7g/t Ag at a cut-off of 1.0% Cu, with 0.35g/t Au categorised as Inferred following a JORC (2012) compliant review by external consultant, Red Bush Analytics, the submission of a mine application and a positive scoping study by Practara Consulting.

On 24 May 2022, a shallow diamond drilling programme commenced on the Ongombo Project, Namibia and on 29 September 2022 the Company announced

**Highlights:**

- A Mining Licence has been approved by the Ministry of Mines and Energy of Namibia
- The Company is in the process of completing an Environmental and Social Impact Assessment ("ESIA") which will trigger the start of the mine development process

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

- The completed drill programme is targeting potential near-surface copper – gold mineralisation not included in the existing underground mineral resource estimate. 26 holes completed to date with copper – gold mineralisation present in 25 holes
- Peak assay intercepts from near-surface drilling include 5.39% Cu eq over 0.82m, 4.72% Cu eq over 1.15m, 3.96% Cu eq over 1.15m, 3.24% Cu eq over 0.945m, 2.64% Cu eq over 1.39m and 2.46% Cu eq over 1.42m
- A zone of near-surface copper mineralisation extending over an area of approximately 750 metres by 185 metres at an average grade of greater than 1% Cu
- A coincident gold zone covering an area of 500 metres strike length and a variable width of between 50 metres and 185 metres at an average gold grade of greater than 0.4g/t Au
- External resource consultant to undertake a mineral resource estimate for near-surface mineralisation once all assay data has been received.

### Update on the Near-Surface Mineralisation & Drill Programme

A zone of presumed mineralisation extending approximately 180m from the outcropping gossan that identifies the Ongombo orebody at surface down-dip has been drilled. Historic low-density drilling failed to define any mineralisation and it was assumed that as the orebody progressed up-dip towards the gossan outcrop that sulphide mineralisation in the form of pyrite and chalcopyrite would give way to oxides of copper. Recent drilling has broadly defined a zone of predominantly copper sulphide mineralisation to depths of around 10 to 15m vertical depth.

On completion of the balance of drilling and the receipt of outstanding assays, a mineral resource estimate will be generated by external consultants that is expected to add to the existing underground resource and generate a new open pittable mineral resource. Open pit excavation will potentially reduce the amount of primary underground development required to access underground ore by stripping waste rock to expose the mineralised horizon and ultimately leaving a highwall that can be used to develop a portal for the planned decline. Work will be done to optimise the open pit resource to generate a mineable resource sufficient to feed a plant for a minimum of 12 months whilst primary development advances to access underground ore.

Further studies are required to confirm the amenability of Ongombo ore to both standard flotation processing and gravity and XRT pre-concentration methods. Provisional assessment indicates that the ore is typical of that found on this part of the Matchless Belt and therefore suitable for recovery of copper and gold through a variety of recovery methods.

Table 1: Ongombo Near-surface Drill Programme Selected Average Weighted Assay Results for First 26 Drillholes

| Borehole ID | From (m) | To (m) | Mineralised Width (m) | Grade (% Cu) | Grade (g/t Au) | Grade (Cu eq)* |
|---|---|---|---|---|---|---|
| APD001 | 11.81 | 14.81 | 3.0 | 0.42 | 0.78 | 0.96 |
| APD002 | 21.25 | 22.2 | 0.945 | 2.42 | 1.19 | 3.24 |
| APD003 | 8.82 | 10.37 | 1.55 | 2.18 | 0.50 | 3.0 |
| APD004 | 20.5 | 21.5 | 1.0 | 0.75 | 0.27 | 0.94 |
| APD005 | 11.69 | 13.11 | 1.42 | 2.12 | 0.49 | 2.46 |
| APD006 | 36.63 | 38.04 | 1.41 | 0.73 | 0.15 | 0.83 |
| APD007 | 50.42 | 51.42 | 1.0 | 0.47 | 0.14 | 0.56 |
| APD008 | 50.58 | 51.73 | 1.15 | 2.95 | 1.47 | 3.96 |
| APD009 | 30.41 | 31.80 | 1.39 | 2.36 | 0.41 | 2.64 |
| APD010 | 7.9 | 9.0 | 1.1 | 0.11 | 0.66 | 0.56 |

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| APD011 | 16.7 | 17.48 | 0.78 | 0.69 | 0.17 | 0.80 |
| APD012 | 33.26 | 34.05 | 0.785 | 1.11 | 0.21 | 1.25 |
| APD013 | 46.04 | 47.2 | 1.15 | 4.44 | 0.40 | 4.72 |
| APD014 | 66.74 | 68.79 | 2.05 | 0.60 | 0.14 | 0.70 |
| APD015 | 39.14 | 39.82 | 0.68 | 1.03 | 0.19 | 1.16 |
| APD016 | 25.88 | 27.25 | 1.37 | 0.98 | 0.31 | 1.19 |
| APD017 | 16.0 | 16.57 | 0.57 | 1.33 | 0.33 | 1.56 |
| APD018 | No Mineralised Intercept | | | | | |
| APD019 | 27.33 | 28.56 | 1.23 | 1.48 | 0.26 | 1.65 |
| APD020 | 53.9 | 54.72 | 0.82 | 4.59 | 1.17 | 5.39 |
| APD021 | 41.27 | 43.0 | 1.73 | 1.56 | 0.33 | 1.78 |
| APD022 | 13.86 | 14.84 | 0.975 | 2.03 | 0.21 | 2.17 |
| APD023 | 50.33 | 51.77 | 1.44 | 1.55 | 0.73 | 2.05 |
| APD024 | 66.47 | 67.08 | 0.61 | 0.99 | 0.32 | 1.21 |
| APD025 | 38.49 | 39.62 | 1.13 | 0.90 | 0.15 | 1.00 |
| APD026 | 19.59 | 21.42 | 1.83 | 1.31 | 0.43 | 1.60 |

*A copper price of US$8,000 and a gold price of US$1,700 were used for the purposes of calculating a copper equivalent grade.

The Company has elected to investigate the potential for an open pit to mine copper sulphides and oxides. Oxides are known to occur at or near surface from the outcrop of the Ongombo deposit coincident with the Central Shoot. Initially assumed to extend for a strike length of approximately 350m, recent drilling has extended the zone coincident with copper grades >1% Cu to over 750m. Drilling has also demonstrated that the down-dip extension from the gossan outcrop extends in some locations to approximately 185m, considerably wider (in the horizontal plane) than initially anticipated at 100 to 150m.

Subject to mineral resource estimation work following the completion of drilling and the return of assay data, indications are that a viable copper resource suitable for open pit extraction may occur. There also appears to be scope to add to the existing underground resource with deeper mineralised intercepts expected to be beyond any future pit floor. The bulk of mineralisation defined to date with the exception of the zone closest to the Ongombo gossan outcrop and to a vertical depth of between 10 and 15m is sulphide-type mineralisation dominated by pyrite and chalcopyrite.

The Ongombo orebody plunges to the NNE and an area has broadly been defined suitable for mine infrastructure where any future ore extraction would be from underground.

**Environmental and Social Impact Assessment ("ESIA")**
The ESIA was submitted in Q4 202 and post year end on 25 April 2023 the award of an Environmental Clearance Certificate for the Ongombo (copper-gold) Project located within Exclusive Prospecting Licence EPL 5772 was announced.

**ZAMBIA**:

As mentioned in the Corporate Transactions summary above on 19 January 2022 African Pioneer Zambia Ltd entered into an option agreement with First Quantum (listed on the Toronto Stock Exchange FM.TO) in relation to 4 of the 5 Zambian exploration licences held by African Pioneer Zambia.

On 24 October 2022 and on 6 February 2023 the Company has provided updates on the ongoing exploration activities undertaken by First Quantum during Q3 and Q4 2022 on the 4 Zambia licences subject to the Option Agreement the Company believes these updates to be very encouraging and below summarise the highlights and also provide detail of the exploration activities during the second half of 2022. We have provided this information in the following four sections:

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

**1. Highlights of Q3 2022 exploration undertaken by First Quantum (24 October 2022 announcement)**
**2. Highlights of Q4 2022 exploration undertaken by First Quantum (6 February 2023 announcement)**
**3. Work Completed Q3 2022**
**4. Work Completed Q4 2022**
**5. Planned Exploration Work**

### 1. Highlights of Q3 2022 exploration undertaken by First Quantum (24 October 2022 announcement)

- The September 2022 latest quarterly report from joint venture partner First Quantum Minerals demonstrates very positive results including confirmation of copper mineralisation in drill testing of three new targets.

- Soil geochemical surveys were carried out over seven targets.
- Air-core drilling was carried out over 3 targets defined by soil geochemistry has discovered copper in veins and disseminations at all the prospects tested to date, with visual estimations ranging from trace up to 2% copper mineralisation over some 75m in hole TUAC012.

- Completion of an audio-magnetotelluric ("AMT") geophysical survey totalling 54.9-line km has detected architectural patterns typically associated with Congolese-type copper mineralisation presenting an exciting new exploration concept in parallel with the existing targets.

- A deep drillhole has commenced to examine the prognosis that the geologic setting may be analogous to the 'Western Foreland' in the nearby DRC, host to Ivanhoe Mines Limited's recently commissioned Kamoa mine, reported to become one of the largest copper mines in the World.

### 2. Highlights of Q4 2022 exploration undertaken by First Quantum (6 February 2023 announcement)

- The fourth quarter 2022 report from joint venture partner First Quantum confirmed encouraging copper oxide intercepts at three shallow drill targets and potentially significant copper mineralisation in two holes on a separate licence being explored for geological settings similar to the giant Kamoa-Kakula deposits in the DRC.

- Preliminary analytical results for shallow air-core drilling completed in the previous quarter over soil geochemical targets on licence 27770-HQ-LEL recorded several copper mineralised intervals hosted in black shales on the Turaco and Eagle targets – final assay results are awaited.

- Two deep drillholes were completed 5km apart at the Ikatu target on licence 27767-HQ-LEL to test if the geologic setting is analogous to the 'Western Foreland' domain in the nearby DRC, host to Ivanhoe Mines Limited's Kamoa-Kakula mines, projected to be one of the highest grade major copper mines in the world. The target Diamictite unit was encountered in both holes, with visible copper mineralisation being identified at different stratigraphic levels in each hole:

    - Hole IKDD001A intersected chalcocite, bornite and chalcopyrite copper mineralisation about 180m below the Diamictite unit over 2.9m from 430.9m depth
    - Hole IKDD002 encountered a 2m zone of strong alteration and irregular disseminated chalcocite mineralisation at the base of the target Diamictite unit at about 600m depth

- First Quantum considers it is a positive sign to see copper mineralisation at the same Grand Conglomerat/Diamicrite stratigraphic level as at Kamoa-Kakula in DRC.

- Future work planned by First Quantum includes additional AMT geophysical survey lines in 27767-HQ-LEL, further diamond drilling at the Ikatu target, follow up diamond drilling at the Turaco and Eagle targets and aircore drilling of additional targets in 27770- and 27771-HQ-LEL.

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

### 3. Work Completed Q3 2022

***Soil Sampling***

Infill soil sampling was undertaken at seven targets across large-scale exploration licences 27770- and 27771-HQ-LEL. Analysis was carried out in-house by pXRF. The best results received were from the Eagle and Turaco targets in 27770-HQ-LEL (Kasongo licence) and Kanyika and Chipopa in 27771-HQ-LEL (Luamata South licence). Geological mapping and rock sampling was also carried out at all seven targets across both licences.

Receipt of XRF analyses for the bulk of the soil samples collected and subsequent interpretation has generated several coherent zones of copper anomalism over significant areas, up to 1,406ppm Cu.

At *Turaco*, significant Cu soil anomalism was encountered (> 250ppm Cu over 2.3 x 2.2km area, up to 1,406ppm Cu) adjacent to a major structure and overlying an interpreted salt diapir in AMT.

At *Eagle*, significant soil Cu anomalism occurs (5 x 2km, up to 795ppm Cu) adjacent to a major structure and overlying an interpreted salt diapir in AMT.

At *Kanyika*, a string of high tenor soil Cu anomalies was delineated (up to 983ppm Cu) associated with a major NE-trending structure.

At *Chipopa*, a strong soil Cu anomaly occurs straddling a major lithotectonic boundary (>150ppm Cu over 2.3 x 1.3km, up to 639ppm Cu).

***Air-Core Drilling***

Air-core drilling of the Turaco, Eagle and Kanyika targets totalled 66 holes for 4,028m. Such drilling is designed to provide first-pass information on the shallow geology and mineralisation beneath sand and laterite cover rather than a definitive target test.

At *Turaco*, copper mineralisation encountered included drillhole TUAC012 which intersected carbonaceous shale from surface with 1% malachite, which transitioned to a lighter grey talc-altered shale with dolomite-chalcopyrite veins (up to 3% volume) after 29m depth. Dolomite-chalcopyrite veins continued to end-of-hole (75m) and after 70m there is very fine-grained disseminated chalcopyrite (up to 2%, 0.8% Cu on pXRF) within strongly silicified shale.

At *Eagle*, the most frequently encountered units were strongly altered shales, breccias and mafic intrusives. Several drillholes intersected a vuggy ferruginous silicified rock with Mn-oxide coating fractures which yielded anomalous Cu and Ni on pXRF (>1,200ppm Cu). This strongly silicified rock was not possible to drill through with air-core and was typically found adjacent to altered breccias. Best visible mineralisation was from the West of the target area in hole EAAC014, which intercepted a zone from 99-103m of brecciated carbonaceous shale with dolomitic infill with up to 2% disseminated chalcopyrite.

At *Kanyika*, in the NW of the area drilled, there is a doleritic sill overlain by a micaceous sandstone and quartzite (possibly contact metamorphosed). The dolerite often has patches of strong alteration and intense calcite-hematite veining, sometimes associated with minor disseminated chalcopyrite and/or pyrite (up to 0.5%).

***Audio Magneto-Tellurics (AMT) Geophysical Survey***

This survey was completed the across the 27770-HQ-LEL (Kasongo) and 27767-HQ-LEL (Ikatu) licences in June 2022. In total, 54.9 line km was surveyed in 2022. Such deep penetrating surveys can provide important information on the structural and stratigraphic framework of the region to assist with target selection and evaluation.

AMT results from Kasongo suggest soil anomalies could be related to salt diapirism adjacent to major structures (e.g. classic Congolese-style). AMT lines within the Ikatu licence suggest that the Western Foreland domain boundary passes through the licence. This domain in Zambia could offer prospective stratigraphy like the world-class Kamoa-Kakula deposit complex in the DRC.

A 'framework' diamond drillhole was planned to test stratigraphy within the Western Foreland domain at Ikatu to see if a conductive unit within the sedimentary package here overlies basement at depth.

### 4. Work Completed Q4 2022

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

***Air-Core Drilling Analytical Results***

pXRF analytical results have now been received for sample pulps from the 2022 air-core shallow drilling programme at Turaco and Eagle targets in 27770-HQ-LEL. Selected intervals of interest are shown in Table 1 below. At Turaco, best results were from the north of the target where drillhole TUAC012 intersected several significant copper intercepts within a silicified and talc-altered black shale, including an oxide mineralised zone with 8m @ 1.19% Cu from 5m depth. Elsewhere at Turaco, another drillhole intersected 1m @ 1.14% Cu within a thin black shale unit.

At Eagle target, the best intercept was in drillhole EAAC005 which intersected 29m @ 0.33% Cu, including 7m @ 0.61% Cu within a strongly chlorite-clay altered rock.

| **Table 1 – Selected pXRF* Analytical Intervals From Aircore Drilling Programme** | | | | | |
|---|---|---|---|---|---|
| **Target** | **Hole No.** | **Depth From (m)** | **Depth to (m)** | **Interval (m)** | **Cu%** |
| **Turaco** | TUAC012 | 5 | 20 | 15 | 0.80 |
| | incl. | 5 | 13 | 8 | 1.19 |
| | | 30 | 36 | 6 | 0.34 |
| | | 44 | 57 | 13 | 0.73 |
| | | 61 | 75 | 14 | 0.57 |
| | TUAC017 | 66 | 67 | 1 | 1.14 |
| **Eagle** | EAAC005 | 37 | 66 | 29 | 0.33 |
| | incl. | 46 | 53 | 7 | 0.61 |

It is planned to send samples from TUAC012 for a 4-acid ICP analysis with ALS Global laboratories in Johannesburg to check for cobalt and other metal contents not possible to analyse with pXRF.

Drillholes adjacent to TUAC012, interpreted to be within the footwall of the mineralisation in TUAC012, exhibit strong magnesian hydrothermal alteration within shales, breccias and diamictite. These drillholes also contain abundant pyrite mineralisation as well as minor chalcopyrite.

***'Framework' Diamond Drilling – Ikatu Target***

Two diamond drillholes were successfully completed at the Ikatu target about 5km apart within the Western Foreland domain in licence 27767-HQ-LEL. Both holes encountered copper mineralisation at two different stratigraphic positions.

The first drillhole (IKDD001A, 603.0 m), intercepted a diamictite unit from 229m to 252m, but with no visible copper mineralisation. The diamictite has an oxidised sandstone matrix as opposed to the reduced diamictite which hosts copper mineralisation at Kamoa-Kakula in DRC. However, at greater depth in IKDD001A, a 2.9m intersect of copper mineralisation (chalcocite, bornite and chalcopyrite) was encountered from 430.9m to 433.8m at the top of a sequence of reduced rhythmites (sandstone-siltstone and shale interbeds).

The second drillhole (IKDD002, 650.3m) also intersected the diamictite unit from 593.3m to 602.3m. For the most part, the diamictite unit is hematitic and oxidized, as in IKDD001A, but at the base of the unit there is a 2m interval with strong chlorite alteration and disseminated chalcocite mineralisation selectively targeting certain clasts. First Quantum considers it is a positive sign to see copper mineralisation at the same part of the stratigraphy as at Kamoa-Kakula in DRC.

No analytical information is available as yet for the mineralisation encountered in these holes. First Quantum plans to send half core samples to the ALS Global laboratory in Johannesburg for 4-acid ICP analysis.

**Air Core sampling / pXRF analysis methodology**

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

Each one metre interval Air Core sample is riffle split before being despatched to Intertek prep lab in Kitwe, Zambia. Samples are dried at 1050°C for 8 hours, pulverised and sieved to 180 micron (SP13 method). The prepared samples were then transported to an in-house lab at Kansanshi, where the powdered pulps are analysed by a portable X-ray fluorescence (pXRF) instrument, analysing for 28 elements. The pXRF analysis includes the use of regular standards and blanks for calibration however some variation to wet assay laboratory techniques can be expected and results are therefore considered indicative only

**5. Planned Work**

Further planned work includes:

- Additional AMT survey lines in 27767-HQ-LEL
- Further diamond drilling at Ikatu target in 27767-HQ-LEL
- AC drilling of additional targets in 27770- and 27771-HQ-LEL
- Sampling of remaining soils in 27771-HQ-LEL (Chibwika East)
- Mapping and soil sampling in 27767- and 27768-HQ-LEL
- Follow up diamond drilling at Turaco and Eagle targets

**BOTSWANA:**

On 4 October 2021 the Company announced that it had entered into a two-year option agreement with ASX listed Sandfire Resources Limited (ASX:SFR) ("**Sandfire**") in relation to 4 of its 8 Botswana prospecting licences for a cash payment of US$500,000 and the issue of 107,272 Sandfire shares (share price on 3 May 2022 – A$5.60 – approx. £3.17) and a 24 months exploration expenditure commitment of US$1,000,000 (the "**Botswana Option Agreement**").

Post the period end on 29 March 2023 the Company announced an update on exploration completed and planned over the Kalahari Copper Belt Licences which are the subject of the Botswana Option Agreement.

**Highlights**

- **PL101/2020** – Assays pending for a soil survey with further surveys planned over copper surface sample anomalies together with a scheduled Airborne Gravity Gradiometry survey ("AGG") over the Kuke Prospect

- Sandfire plans to mobilise a diamond rig to the Kuke Prospect to drill test a copper soil anomaly coincident with the Kuke Fault

- **PL100/2020** – Ongoing target generation and a scheduled AGG survey over the licence

- Sandfire also plans to undertake drilling on this licence in the coming weeks to test the Lower D'kar/Ngwako Pan contact zone which is the horizon hosting most of the Kalahari Copperbelt deposits

**OUTLOOK**

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (continued)

**Outlook for Copper:** During the second half of 2022 into 2023 the copper price has recovered and forecasts for the price of copper and its by-product metals remain positive in the range of US$10-US$15,000 per tonne. The outlook for copper supply is quite pessimistic as most large copper mining projects have been shelved as a result of political or economic reasons but we anticipate and from mid '24 onwards this will lead to both smaller but profitable mines being developed , and junior mining companies with good copper resources in reliable jurisdictions becoming potential targets for acquisitions by major mining companies. As a result, the Company is well positioned with all its projects, to take part in a potential acquisition boom or alternatively to attract financing for its own operations which might not otherwise have been available.

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

We feel that there is a strong possibility that the current inflationary pressures and higher interest rates may slow down stock markets but these conditions will be beneficial for the smaller metal producers who have historically outperformed under these economic conditions.

The Board feels the Group has assembled an enviable portfolio of projects and we are pleased that Sandfire has taken and retained a significant equity position in the Company. We look forward to advancing all our projects and providing our shareholders with the prospects of enhanced value flowing into next year.

By Order of the Board

28 April 2023

## DIRECTORS' REPORT

The directors present their report on the affairs of African Pioneer Plc (the "Company") for the year ended 31 December 2022. The Company was incorporated on 20 July 2012.

### PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiaries (the "Group") is the exploration for base metals in Zambia, Namibia and Botswana.

Investing in small natural resource projects and mineral exploration projects can be very rewarding, but because of the issues and uncertainties arising from exploration, resource estimation, commodity price volatility, politics and the financing of such projects, there is a significant possibility of such reward not materialising. As a result of the nature and size of the Company it will, in the early years particularly, be exposed to a concentration of risk either by sector or geographically, or possibly both. These risks are outlined in more detail in the Strategic Report.

### REVIEW OF THE BUSINESS

During the year, the Group made a loss of £(670,871) - 2021: restated profit of £273,471.

A review of the current and future development of the Group's business are included in the Strategic Report.

The Directors do not recommend the payment of a dividend.

### SUBSEQUENT EVENTS

Details of subsequent events after the year end are disclosed in note 18 o the financial statements

### DIRECTORS

The names of the Directors who served throughout the period and subsequent to the year end, except where shown otherwise, are as follows:

C Bird
R. Samtani
C Cordier
K Thygesen
J Cunningham-Davis

Directors' interests in the ordinary share capital of the Company at the date of this report are disclosed within the Directors Remuneration Report

### DIRECTOR'S REMUNERATION

The Directors' remuneration is detailed in the Directors' Remuneration Report on pages 19 to 21

### DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has purchased Directors' and Officers' liability insurance which provides cover against liabilities arising against them in that capacity.

## DIRECTORS' REPORT (continued)

### USE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Details of the use of financial instruments and associated risk management by the Group are included in note 3 to the financial statements.

### SUBSTANTIAL SHAREHOLDINGS

Other than Directors interests which are set out below on a separate table in this report, the following shareholders held 3% or more of the issued share capital of the Company at 21 April 2023. These holdings are extracted as they appear in the relevant custodian account in the Company's share register.

| Registered Shareholder | No. of Ordinary Shares | % of Ordinary Shares in issue |
|---|---|---|
| The Bank Of New York (Nominees) Limited * | 34,785,714 | 18.15% |
| Sandfire Resources Limited | 28,418,932 | 14.82% |
| HSBC Global Custody Nominee (UK) Limited * | 24,871,784 | 12.97% |
| Hargreaves Lansdown (Nominees) Limited * | 15,871,987 | 8.28% |
| Mohamad Ali Ahmad | 15,000,000 | 7.82% |
| Jim Nominees Limited * | 7,142,856 | 3.73% |
| Vidacos Nominees Limited * | 6,715,095 | 3.50% |
| | 132,806,368 | 69.28% |

*Nominee shareholder; not beneficial owner.

### UK STREAMLINED ENERGY AND CARBON REPORTING

The Group's UK energy and carbon information is not disclosed as the Company qualifies as it consumed less than 40MWh and is a Low Energy user in the UK.as defined in the Environmental Reporting Guidelines Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapter 1) and as such is not required to provide detailed disclosures of energy and carbon information. The Company has no UK-based subsidiaries and its overseas subsidiaries, some of which own exploration licences and conduct exploration activities outside the U.K. are not required to report U.K. energy consumption in their own right. The Company was also below this threshold in 2021.

### POLITICAL DONATIONS

The Group made no political donations during the year (2021: none).

### STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS AND DIRECTORS' RESPONSIBILITIES

The Directors (being Colin Bird-Chairman, Raju Samtani-Finance Director, Christian Cordier-Business Development Director, Kjeld Thygesen -Independent Non-Executive Director and James Cunningham-Davis Non-Executive Director, who were in office at the date of approval of this report, confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware of and that they have taken all reasonable steps to take themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**DIRECTORS' REPORT (continued)**

The Directors are responsible for preparing the financial statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority ("DTR") and with International Financial Reporting Standards as adopted by the United Kingdom.

The Directors confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with the relevant financial reporting framework and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company; and

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces; and

- the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

**AUDITORS**

The auditors, Shipleys LLP have indicated their willingness to continue in office. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board:

28 April 2023

| | |
|---|---|
| Colin Bird | Raju Samtani |
| Executive Chairman | Director |

## DIRECTORS' REMUNERATION REPORT

This Remuneration Report sets out the Group's policy on the remuneration of Directors, together with details of Directors' remuneration packages and service contracts for the year ended 31 December 2022.

The Company's policy is to maintain levels of remuneration to attract, motivate, and retain Directors and Senior Executives of the highest calibre who can contribute their experience to deliver industry-leading performance with the Company's operations. The Company is nonetheless mindful of the need to balance this objective with the fact that it is pre-revenue.

Since listing on 1 June 2021, the Company's Directors have largely remunerated through a combination of modest salaries and/or fees and where relevant, equity positions as founders and as a result the total salaries and fees payable to directors has been relatively modest.

As the Company grows, and increasingly makes hires, it will become necessary to move to a more long-term and sustainable policy, which continues to align the interests of Directors and senior staff with those of shareholders while recognising that new hires will not initially have a significant equity position.

Accordingly, it is likely that compensation packages for Executive Directors will need to move over time to a level more consistent with the market. Currently, Directors' remuneration is not subject to specific performance targets. The Company is sufficiently small that the Board does not consider that it is necessary to impose such targets as a matter of principle but believes that exceptional performance can be rewarded on an ad hoc basis.

As outlined in last year's Directors Remuneration Report the Board proposed and shareholders approved at the 2022 AGM a share option scheme which is to incentivise both Executive and non-Executive Directors as well individuals holding positions of responsibility in the Company (**"Share Option Scheme"**). On 24 January 2023 the Company announced that pursuant to the Executive Share Option Scheme approved at the Company's Annual General Meeting ("AGM") held on 23 August 2022 16,850,000 options over Ordinary Shares ("Options") were awarded, 6,600,000 of the Options were awarded to directors of the Company, as detailed further in Note 18 and the balance of 10,250,000 Options to other eligible participants. The Company had not previously issued any Options.

The 2022 AGM also approved the Company establishing new incentive schemes to more closely align the interest of directors, officers, employees and consultants with those of shareholders by providing for the payment of short-term, annual and transaction incentive awards in cash or Company shares (the **"Proposed Incentive Schemes"**). Awards under the Proposed Incentive Schemes are not intended to replace the Share Option Scheme arrangements and the Proposed Incentive Schemes, shall continue in place until the Board of the Company have put an alternative incentive scheme to the Company's shareholders which the Company's shareholders have approved.

The Board considers the remuneration of Directors and senior staff and their employment terms and makes recommendations to the Board of Directors on the overall remuneration packages. No Director takes part in any decision directly affecting their own remuneration.

There has been no correspondence to date from shareholders relating to Directors' remuneration matters and therefore no such matters have been considered by the Board in formulating the Company's remuneration policy.

In determining Executive Director remuneration policy and practices, the Board aims to address the following factors:

- **Clarity** - remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- **Simplicity** - remuneration structures should avoid complexity and their rationale and operation should be easy to understand;

## DIRECTORS' REMUNERATION REPORT (Continued)

- 
- **Risk** - remuneration arrangements should ensure reputational and other risks from excessive rewards, and risks that can arise from target-based incentive plans, are identified and mitigated;
- **Predictability** - the range of possible values of rewards to individual directors and any other limits or discretions are identified and explained at the time of approving the policy;
- **Proportionality** – the clarity of the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear; and
- **Alignment to culture** - incentive schemes, when implemented will drive behaviours consistent with company purpose, values and strategy.

**Directors' remuneration**

Remuneration of the Directors for the years ended 31 December 2022 and 2021 was as follows:

| | 2022 | 2022 | 2022 | 2021 |
|---|---|---|---|---|
| | **Directors' Fees £** | **Consulting Fees £** | **Total Emoluments £** | **Total Emoluments £** |
| C. Bird | 18,000 | 42,000 | **60,000** | 35,000 |
| R. Samtani | 18,000 | 32,004 | **50,004** | 29,169 |
| C Cordier | 18,000 | 12,000 | **30,000** | 16,500 |
| K Thygesen | 18,000 | - | **18,000** | 10,500 |
| James Cunningham-Davis | 14,400 | - | **14,400** | 9,300 |
| Total | 86,400 | 86,004 | **172,004** | 100,469 |

Each of the Directors entered into service agreements at the time of the Company's admission to the market on 1 June 2021. Details of Directors' Letters of Appointment and Service Agreements as disclosed in Note 16 of these Financial Statements.

There were no pensions or other similar arrangements in place with any of the Directors during the years ended 31 December 2022 or 2021.

**Payments to past directors**

The Company did not pay any compensation to past Directors in 2022 and 2021.

**DIRECTORS' INTERESTS**

The beneficial interest of the directors, their spouses and minor children in the share capital of the Company are as follows: Ordinary Shares of No Par Value

| | **31 December 2022** | 31 December 2021 |
|---|---|---|
| C Bird* | **21,061,728** | 21,061,728 |
| R Samtani | **16,061,728** | 16,061,728 |
| J Cunningham-Davis*** | - | - |
| C Cordier** | **15,000,000** | 15,000,000 |
| K Thygesen | **200,000** | 200,000 |

**DIRECTORS' REMUNERATION REPORT (Continued)**

* Colin Bird's shareholding includes 5,000,000 ordinary shares held by Campden Park Trading, a company owned and controlled by Colin Bird , the Company's Chairman
** Christian Cordier's shareholding includes 4,000,000 ordinary shares held by Tonehill Pty Ltd and 3,000,000 ordinary shares held by Coreks Super Pty Ltd both of which companies are owned and controlled by Christian Cordier. It also includes
8,000,000 ordinary shares held by Breamline Pty Ltd of which Christian Cordier is a director and which is a trustee company for Breamline Ministries
*** 230,000 warrants are held by Cavendish Trust of which James Cunningham -Davis is a director and a controlling majority shareholder.

There have been no further changes in directors' interests since the year end other than the issue of Options detailed below which were announced on 23 January 2023.

Approved by the Board on 28 April 2023.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance

The Board guides and monitors the business and affairs of the Company on behalf of the Shareholders to whom it is accountable and is responsible for corporate governance matters. While certain key matters are reserved for the Board, it has delegated responsibilities for the day-to-day operational, corporate, financial and administrative activities to the Business Development Director, the Executive Chairman and the Finance Director.

In assessing the composition of the Board, the Directors have had regard to the following principles:

- the role of the Executive Chairman and the other directors should not be exercised by the same person;
- the Board should include at least one independent non-executive director, increasing where additional expertise is considered desirable in certain areas, or to ensure a smooth transition between outgoing and incoming non-executive directors; and
- the Board should comprise of directors with an appropriate range of qualifications and expertise.

The Company believes it complies with each of these principles.

Both James Cunningham-Davis and Kjeld Thygesen are the Non-Executive Directors of the Company. James Cunningham-Davis is one of the directors of Cavendish Secretaries Limited, a subsidiary of Cavendish Trust Company Limited, which provides secretarial services to the Company in the Isle of Man and is therefore for these purposes not considered independent.

Kjeld Thygesen has a holding of Ordinary Shares representing 0.10 per cent. of the issued share capital and he is considered independent given this holding is de minimis.

Directors appointed by the Board are subject to election by shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company's Articles of Association.

The QCA Corporate Governance Code, as published by the Quoted Companies Alliance, is tailored for small and mid-size quoted companies in the United Kingdom. The Company will, to the extent practicable for a company of its size and nature, follow the QCA Corporate Governance Code. The Directors are aware that there are currently certain provisions of the QCA Corporate Governance Code that the Company is not in compliance with, given the size and early stage nature of the Company. These include, inter alia:

- The Company does not currently have a remuneration, nomination or risk committee. The Board as a whole will review remuneration, nomination and risk matters, on the basis of adopted terms of reference governing the matters to be reviewed and the frequency with which such matters are considered. The Board as a whole will also take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance.
- Unless further independent non-executive directors are appointed, the Board will not comply with the provision of the QCA Corporate Governance Code that at least to members of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent.
- The Executive Chairman of the Company is an executive director rather than an independent non-executive director as suggested by the QCA corporate governance code

## CORPORATE GOVERNANCE REPORT (continued)

**Share Dealing Code**

The Company has adopted, with effect from Admission, a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on the Official List (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

**Audit Committee**

The Audit Committee is chaired by James Cunningham-Davis and its other member is Christian Cordier. The Audit Committee meets at least twice a year, or more frequently if required. The Audit Committee is responsible, amongst other things, for making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the Company's financial statements and any formal announcements on the Company's financial performance as well as reports from the Company's auditors on those financial statements.

In addition, the Audit Committee considers and reviews the Company's internal financial control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems, including an evaluation of the capabilities of such systems in light of the expected requirements for any specific acquisition target.

**Meetings of the Directors**

The number of meetings of the board of directors of the Company and its committees held during the year ended 31 December 2022 and the number of meetings attended by each director is tabled below. The audit committee was formed on 26 May 2021 prior to the Company's listing on the London Stock Exchange

**2022**

| | Meetings | | Meetings attended | |
|---|---|---|---|---|
| | Board | Audit | Board | Audit |
| C. Bird | 2 | - | 2 | - |
| R. Samtani | 2 | - | 2 | - |
| J. Cunningham-Davis | 2 | 2 | 2 | 2 |
| K Thygesen | 2 | - | 2 | - |
| C. Cordier | 2 | 2 | 2 | 2 |

**Diversity Policy**

The Board operates a policy whereby Directors and other individuals considered for employment and professional services across the Group are selected on the basis of their experience, professional qualifications and ability and a such the Company does not discriminate on aspects such as age, gender or educational and professional background.

The Company is a small exploration company and the Company's only employees comprising of the 5 Board Directors who have been in office since the Listing on 1 June 2021 and were the Board members on the basis of whose experience and expertise investors invested in the Company at the time of the Listing. The Company has at the date of these accounts not expanded or changes the composition of its Board and accordingly has not met the following targets on board diversity (i) at least 40% of the individuals on its board of directors are women; and

(ii) at least one of the following senior positions on its board of directors is held by a woman (A) the chair; (B) the chief executive; (C) the senior independent director; or (D) the chief financial officer.

The Company has met the target that at least one individual on its board of directors s from a minority ethnic background

**CORPORATE GOVERNANCE REPORT (continued)**

The diversity composition of the Board is shown in the table below:

| | Number of board members | Percentage of the board | Number of senior positions on the board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| **Men** | **5** | 100 % | 3 | 3 | 100% |
| **Women** | **0** | Nil | - | - | Nil |

Ethnic Background of Board members

| | Number of board members | Percentage of the board | Number of senior positions on the board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| **White British or other White (including minority-white groups)** | 4 | 80% | 2 | 2 | 66% |
| **Mixed/Multiple Ethnic Groups** | | | | | |
| **Asian/Asian British** | 1 | 20% | 1 | 1 | 33% |
| **Black/African/Caribbean/Black British** | | | | | |
| **Other ethnic group, including Arab** | | | | | |
| **Not specified/ prefer not to say** | | | | | |

**Internal control**

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems manage rather than eliminate the risks to which the Group is exposed and such systems, by their nature, can provide reasonable but not absolute assurance against misstatement or loss.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key procedures which the Directors have established with a view to providing effective internal control, are as follows:

- Identification and control of business risks The Board identifies the major business risks faced by the Group and determines the appropriate course of action to manage those risks.

## CORPORATE GOVERNANCE REPORT (continued)

- Budgets and business plans Each year the Board approves the business plan and annual budget. Performance is monitored and relevant action taken throughout the year through the regular reporting to the Board of changes to the business forecasts.

- Investment appraisal Capital expenditure is controlled by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals must be submitted to the Board. Appropriate due diligence work is carried out if a business or asset is to be acquired.

**Environmental, Social and Governance (ESG) Policy**

African Pioneer plc practises responsible exploration as reflected in our ESG policy and our activities. By doing so we reduce project risk, avoid adverse environmental and social impacts, optimising benefits for all stakeholders while adding value to our projects.

Our business associates, consultants and contractors perform much of our primary activities at our projects and therefore we require that all representatives and contractors working on our behalf or for our subsidiaries accept and adhere to the principles set out in this policy. We encourage input from those with local knowledge and we review this policy on a regular basis.

Our ESG policy is guided by the Prospectors & Developers Association of Canada's (PDAC) Framework for Responsible Exploration (known as e3 Plus) which encourages mineral exploration companies to complement and improve social, environmental and health and safety performance across all exploration activities around the world.

Adopting Responsible Governance and Management: African Pioneer is committed to environmentally and socially responsible mineral exploration and has developed and implemented policies and procedures for corporate governance and ethics. We ensure that all staff and key associates are familiar with these and have the appropriate level of knowledge of these policies and procedures.

The Company employs persons and engages contractors with the required experience and qualifications relevant to their specific tasks and, where necessary, seeks the advice of specialists to improve understanding and management of social, environmental, human rights and security, and health and safety.

African Pioneer's Corporate Governance Statement can be viewed on our website and the Company has an Anti-Bribery and Corruption policy and an Anti-Slavery policy.

- **Applying Ethical Business Practices:** As well as our shareholders and staff, our stakeholders include local communities and local leadership, government and regulatory authorities, suppliers, contactors and consultants, our local business partners and other interested parties. Our corporate culture and policies require honesty, integrity, transparency and accountability in all aspects of our work and when interacting with all stakeholders.

  The Company takes all necessary steps to ensure that activities in the field minimise or mitigate any adverse impacts on both the environment and on local communities.

- **Respecting Human Rights:** The exploration activities of African Pioneer are carried out in line with applicable laws on human rights and the Company does not engage in activities that have adverse human rights impacts.

- **Commitment to Project Due Diligence and Risk Assessment:** We make sure we are informed of the laws, regulations, treaties and standards that are applicable with respect to our activities. We ensure that relevant parties are informed and prepared before going into the field in order to minimise the risk of miscommunication, unnecessary costs and conflict, and to understand the potential for creating opportunities with local communities where possible.

## CORPORATE GOVERNANCE REPORT (continued)

- **Engaging Host Communities and Other Affected and Interested Parties:** African Pioneer is committed to engaging positively with local communities, regulatory authorities, suppliers and other stakeholders in its project locations, and encourages feedback through this engagement. Through this process, the Company develops and fosters the relationships on which our business relies for success.

- **Protecting the Environment:** We are committed to ensuring that environmental standards are met or exceeded in the course of our exploration activities. Applicable laws and local guidelines in all project jurisdictions are followed diligently and exploration programmes are only carried out once relevant permits and approvals have been secured from the appropriate regulatory bodies.

  African Pioneer is committed to good practices in rehabilitation and repair during its mineral exploration activities and, where possible, choose less impactful exploration methods to limit disturbance.

- **Safeguarding the Health and Safety of Workers and the Local Population:** Company activities are carried out in accordance with good practice and applicable laws related to Health and Safety.

**Environment Health, safety and community statement**

The Group is committed to providing a safe working environment for all its employees and to responsibly manage all of the environmental interactions of its business. Its objective is to perform and achieve at a level notably in excess of the regulatory minima required by the host countries in which it does business.

The following specific principles are adhered to by the Group:

**Health & Safety**
- Provision of health and safety training to all employees;
- All necessary measures are taken to minimise workplace injuries, and
- Establishment of management and advisory programmes for the prevention of transmissible diseases.

**Environment**
The Group prides itself on being a skilled and responsible operator. It functions with the clear mandate of being in full compliance with corporate standards, applicable environmental laws, regulations and permit requirements. It has an internal monitoring programme in place that plays a critical role in continuously improving its environmental performance.

The Group strives to minimise its environmental effects wherever and to:

- Comply with applicable laws, regulations and commitments wherever it operates;
- Ensure it has the necessary resources, procedures, training programmes and responsibilities in place to achieve its environmental objectives;
- Strive to protect air and water quality, minimise consumption of water and energy, and protect natural habitats and biodiversity;
- Promote an ongoing environmental dialogue with its stakeholders in the communities where it conducts business;
- Collaborate with stakeholders to define environmental priorities and to protect the environment, and
- Consider the requirement for environmental protection in all aspects of exploration and development.

**Communities**
As well as recognising the need to protect the natural environment the Group will follow Best Practices in:
- its interactions with local communities,
- respecting customs and cultural practices, and • minimising intrusion upon lifestyles and traditions.

The Group will not violate human rights and will, wherever possible, favour employment for local people when it recruits. It will strive to be recognised as a socially aware and responsible business

**Task Force on Climate-related Financial Disclosures (TCFD)**

The Company has not included climate-related financial disclosures consistent with any of the TCFD Recommendations and Recommended Disclosures, as required by Listing Rule 14.3.27, neither in this annual financial report or any other document as it has not yet established the metrics and obtained the data to do this. Set out below is a summary of the Company's activities and how the Company proposes to align with the TCFD recommendations. The Company will provide an update of its alignment with the TCFD recommendations in next year's Annual Report.

The Company's business strategy is to explore for base metals focusing on Southern Africa which are materials used to produce diverse products used in modern living in a safe and sustainable environment for all its stakeholders with a focus on copper projects. As an organisation, we recognise the growing importance of understanding the impact of climate change on the environment in which we operate and its potential impact on the business.

TCFD was established in 2015 to improve and increase reporting of climate-related financial information and to provide information to investors about the actions companies are taking to mitigate the risks of climate change, as well as to provide increased clarity on the way in which they are governed.

The Company's exploration activities are "asset" light as the Company does not own its drilling and exploration equipment and instead uses contractors and it is a standard operating procedure for exploration activities to be conducted in accordance with applicable environmental regulations. The effect of this is that the Company's demand for and use of carbon fuels is very low though its contractors will use carbon fuels. An opportunity arising for the Company's from climate change is that copper is projected to increase in response to the global green energy transition in particular for electric vehicles, charging stations and the generation and distribution of renewable energy.

The Company is planning to adopt the TCFD framework and recommendations to the extent that it is appropriate given the size of the company and its activities. The framework is useful as a guide to understand how climate change could impact a broad range of business drivers and will provide a structured approach for the Group, to work towards embedding climate into our decision-making and will enable us to learn from and apply best practice on reporting and disclosures.

We see this as a means to increase the quality and transparency in our climate related disclosures whilst taking the first steps on the roadmap of TCFD reporting. We aim to ensure our stakeholders will have a better understanding of the Company's operational and business resilience to climate change and how we will incorporate the consideration of climate-related risks and opportunities in our business model. The table below provides a brief statement on our current thought process to understand and begin aligning with the TCFD recommendations.

**Governance:** The Group's governance relating to climate-related risks and opportunities is the responsibility of the Board.

**Strategy:** The actual and potential impacts of climate-related risks and opportunities will have effects on the business policies, strategy and financial planning of APP.

**Risk Management:** The financial director is responsible for APP's risk assessment and identifying, assessing, and managing climate related risks is part of that function.

**Metrics & Targets:** The formulation of metrics and targets used to assess and manage relevant climate related risks and opportunities will be considered.

## STRATEGIC REPORT)

**The Directors present their strategic report on the group for the year ended 31 December 2022.**
**PRINCIPAL ACTIVITY**
African Pioneer Plc ("the Company") is a public limited company which is listed on the main market of the London Stock Exchange and incorporated and domiciled in the Isle of Man. The Company's registered address is 34 North Quay, Douglas, Isle of Man, IM1 4LB.

The Company is the parent company of African Pioneer Zambia Ltd, Resource Capital Partners Pty Ltd and Zamcu Exploration Pty Ltd, which has an 85% equity holding in Manmar Investments One Hundred and Twenty Nine (Pty) Ltd and Manmar Investments One Hundred and Thirty Six (Pty) Ltd. (see note 10 for further details).

The principal activity of the Company and its subsidiaries (the "Group") is the exploration for base metals in Zambia, Namibia and Botswana.

## GOING CONCERN

As disclosed in Note 2 The Group made a loss from all operations for the year ended 31 December 2022 after tax of £(671,000) (2021: restated profit of £273,471). 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. The management team has successfully raised funding for exploration projects in the past, but there is no guarantee that adequate funds will be available when needed in the future.

Based on its current reserves and 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.

### KEY PERFORMANCE INDICATORS

The key performance indicators in assessing the completion of this activity are monitored on a regular basis:

- Progress with exploration, monitoring licence commitments and environmental compliance; and
- Cash management – ensuring that the Company is well funded and has adequate cash to meet to meet its obligations as they fall due.

### REVIEW OF THE BUSINESS

Details of the Company's strategy, results and prospects are set out in the Chairman's Statement and in the Operations Report on pages 3 to 15.

## STRATEGIC REPORT (continued)

**Financial highlights:**

- £671k consolidated loss after tax (2021: £273k - profit)
- Approximately £72k cash at bank at the year-end (2021: £1.19m).
- The basic and diluted losses per share are summarised in the table below

| Profit/(Loss) per share (pence) | | 2022 | 2021 restated |
|---|---|---|---|
| Basic | Note 6 | (0.35)p | 0.24p |
| Diluted | Note 6 | (0.29)p | 0.20p |

- The net asset value of the Group at as at 31 December 2022 was £5.4M (31 December 2021 restated £6.1m)

### INVESTMENTS HELD BY THE COMPANY FOR RESALE

At year-end, the Group held investments in five companies classified as available-for-sale investments and valued at £395,750 and had a cash balance of £71,674. The Group is able to raise additional cash at short notice by selling its investments which are liquid. It is the Group's intention 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 Group.

### PORTFOLIO HOLDING AT 31 December 2022

| | Number 31/12/22 | Cost 31/12/22 | Valuation 31/12/22 | Valuation 31/12/21 |
|---|---|---|---|---|
| Jubilee Metals Group Plc | 217,802 | 8,266 | 22,107 | 35,393 |
| Galileo Resources Plc | 2,500,000 | 50,000 | 32,500 | 24,500 |
| Sandfire Resources Ltd | 107,272 | 302,960 | 329,325 | 379,489 |
| South 32 Limited | - | - | - | 30,044 |
| Xtract Resources Plc | 606,060 | 20,217 | 11,818 | 33,030 |
| **TOTAL FOR AFRICAN PIONEER PLC** | | 381,443 | 395,750 | 502,456 |

### PRINCIPAL RISKS AND UNCERTAINTIES

This business carries a high level of risk and uncertainty, although the potential rewards can be outstanding. The Directors have identified the following principal risks in regards to the Group's future. The relative importance of risks faced by the Group can, and is likely to, change as the Group executes its strategy and as the external business environment evolves the strategy as may be required based on developments and exploration results. Key elements of this process are the Group's monthly reporting and Board meetings.

## STRATEGIC REPORT (continued)

**Strategic risk**
The Group's strategy may not deliver the results expected by shareholders. The Directors regularly monitor the appropriateness of the strategy, taking into account both internal and external factors, together with progress in and modify

**Exploration risk**
Exploration at the Namibia, Zambia and Botswana Projects may not result in success.

Whilst the Directors endeavour to apply what they consider to be the latest technology to assess projects, the business of exploration for and identification of minerals and metals, is speculative and involves a high degree of risk. The mineral and metal potential of the Group's initial projects, Namibia and Zambia, may not contain economically recoverable volumes of minerals, base metals, or precious metals of sufficient quality or quantity. To mitigate this risk, the Group has acquired the rights to carry out exploration and earn an interest in certain licences in the specific areas.

Even if there are economically recoverable deposits, delays in the construction and commissioning of mining projects or other technical difficulties may make the deposits difficult to exploit. The exploration and development of any project may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Group. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays.

Exploration is also subject to general industrial operating risks, such as equipment failure, explosions, fires and industrial accidents, which may result in potential delays or liabilities, loss of life, injury, environmental damage, damage to or destruction of property and regulatory investigations. The Group may also be liable for the mining activities of previous miners and previous exploration works. Although the Group intends, itself or through its operators, to maintain insurance in accordance with industry practice, no assurance can be given that the Group or the operator of an exploration project will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Group may elect not to become insured because of high premium costs or may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

**Environmental and other regulatory risks**
In relation to the Group's existing projects the environmental impact to date is limited to activities associated with exploration. The ultimate development of any project into a mining operation will inevitably impact considerably on the local landscape and communities. These projects sit in an area of considerable natural beauty and therefore there is likely to be opposition to mining by some parties. This may impact on the cost and/or Group's ability to sell or move these projects into production.

While the Group believes that its operations and future projects are currently, and will be, in substantial compliance with all relevant material environmental and health and safety laws and regulations, including relevant international standards, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced.

Nevertheless, the Group will continue to vigorously apply international standards to the design and execution of any and all of its activities, including engagement and consultation with local communities, and non-governmental and Governmental organisations to ensure any impacts of current and future activities are minimised and appropriately managed. The Group has organisations to ensure any impacts of current and future activities are minimised and appropriately managed. The Group

## STRATEGIC REPORT (continued)

has established a comprehensive suite of health, safety, environmental and community policies which will underpin all future activities.

**Financing**
The successful exploration or exploitation of natural resources on any project will require significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend on the success of their investment strategy and conditions in financial and commodity markets. The

Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

**Political, economic and regulatory regime**
The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control. Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.

The Group's activities will be dependent upon the grant of appropriate licences, concessions, leases, permits, and regulatory consents that may be withdrawn or made subject to limitations. There can be no assurance that they will be granted or renewed or if so, on what terms. There is also the possibility that the terms of any licence may be changed other than as represented or expected.

The current focus of the Group's activities, offer stable political frameworks and actively support foreign investment. The countries have well-developed exploration and mining code and proactive support for foreign companies. Through a programme of proactive engagement with each Government at all levels the Group is able to partially mitigate these risks by establishing professional working relationships.

**Dependence on key personnel**
The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. Nevertheless, through programmes of incentivising staff, appropriate succession planning, and good management these risks can be largely mitigated.

**Uninsured risk**
The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third-party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

**Other business risks**
In addition to the current principal risks identified above and those disclosed in note 3 to the financial statements, the Group's business is subject to risks relating to the financial markets and commodity markets. The buoyancy of both the aforementioned markets can affect the ability of the Group to raise funds for exploration. The Group has identified certain risks pertinent to its business including:

## STRATEGIC REPORT (continued)

*Strategic and Economic*:
• Business environment changes
• Limited diversification

*Operational*:
• Difficulty in obtaining / maintaining / renewing Licences / approvals

*Commercial*:
• Failure to maximise value from its Namibia/Zambia/Botswana projects
• Loss of interest in key assets
• Regulatory compliance and legal

*Human Resources and Management*:
• Failure to recruit and retain key personnel
• Human error or deliberate negative action
• Inadequate management processes

*Financial*:
• Restrictions in capital markets impacting available financial resources
• Cost escalation and budget overruns
• Fraud and corruption

The Directors regularly monitor such risks, using information obtained or developed from external and internal sources, and will take actions as appropriate to mitigate these. Effective risk mitigation may be critical to the Group in achieving its strategic objectives and protecting its assets, personnel and reputation. The Group assesses its risk on an ongoing basis to ensure it identifies key business risks and takes measures to mitigate these. Other steps include regular Board review of the business, monthly management reporting, financial operating procedures and antibribery management systems. The Group reviews its business risks and management systems on a regular basis

### PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE

The Director's believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as detailed below.

- Consider the likely consequences of any decision in the long term
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers, and others, and
- Consider the impact of the Company's operations on the community and the environment.

Our Board of Directors remain aware of their responsibilities both within and outside of the Group. Within the limitations of a Group with so few employees we endeavour to follow these principles, and examples of the application of the s172 are summarised and demonstrated below.

The Group operates as a mining exploration and development business which is speculative in nature and at times may be dependent upon fund-raising for its continued operation. The nature of the business is well understood by the Company's members, employees and suppliers, and the Directors are transparent about the cash position and funding requirements.

## STRATEGIC REPORT (continued)

The Company is investing time in developing and fostering its relationships with its key suppliers.

As a mining exploration company with future operations based in Scandinavia, the Board intends to take seriously its ethical responsibilities to the communities and environment in which it works.

The interests of future employees and consultants are a primary consideration for the Board, and we have introduced an inclusive share-option programme allowing them to share in the future success of the company. Personal development opportunities are encouraged and supported.

## OUTLOOK

**Outlook for Copper:** During the second half of 2022 into 2023 the copper price has recovered and forecasts for the price of copper and its by-product metals remain positive in the range of US$10-US$15,000 per tonne. The outlook for copper supply is quite pessimistic as most large copper mining projects have been shelved as a result of political or economic reasons and from mid '24 onwards we anticipate this will lead to both smaller but profitable mines being developed ,and junior mining companies with good copper resources in reliable jurisdictions becoming potential targets for acquisitions by major mining companies. As a result, the Company is well positioned with all its projects, to take part in a potential acquisition boom or alternatively to attract financing for its own operations which might not otherwise have been available.

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

We feel that there is a strong possibility that the current inflationary pressures and higher interest rates may slow down stock markets but these conditions will be beneficial for the smaller metal producers who have historically outperformed under these economic conditions.

The Board feels the Group has assembled an enviable portfolio of projects and we are pleased that Sandfire has taken and retained a significant equity position in the Company. We look forward to advancing all our projects and providing our shareholders with the prospects of enhanced value flowing into next year.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

## STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- state whether applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and establish that the auditors are aware of that information.

Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board:
28 April 2023

Colin Bird
Non-Executive Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN PIONEER PLC FOR THE YEAR ENDED 31 DECEMBER 2022

## Opinion

We have audited the financial statements of African Pioneer Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows, the company statement of cash flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's result for the year then ended;
- have been properly prepared in accordance with IFRSs.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Relating to Going Concern

We draw attention to note 2 in the financial statements, which indicates that the Company and Group made a loss of (£658,505) and (£670,871) respectively, and an operating loss is expected in the year subsequent to the year of these financial statements. As a result the Company and Group will need to raise funding to provide additional working capital to finance its ongoing activities. As stated in note 2, these conditions, along with other matters set forth in note 2, indicate that material uncertainty exists that may cast significant doubt on the Company and Group's ability to continue as a going concern.

Our audit opinion is not modified in respect of this matter.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matters | Description of the risk | How the scope of our audit addressed the risk |
|---|---|---|
| Revenue recognition | There is a risk of fraud in revenue recognition giving rise to material misstatements in the accounts. | Our work examined sources of income and no evidence of fraud or other understatement in revenue was identified. |
| Risk that management is able to override controls | Risk that inappropriate accounting journals may be posted giving rise to material misstatement in the accounts. | We examined journals posted around the year end, specifically focusing on areas, which are more easily manipulated.<br>We identified no evidence of management override in respect of inappropriate manual journals recorded in any section of the financial statements. |
| IFRS6 Mining and Exploration rights | Risk that mining exploration and licensing costs are inappropriately capitalised with respect to the criteria set out in IFRS 6. | Our work examined licenses and other capitalised expenditure to ensure it fell within the capitalisation criteria under IFRS6 and no evidence of impairment was identified. |
| Public Limited Company listing status | By virtue of the Company's listing status and its public profile, the Company has enhanced regulatory supervision and therefore any non-compliance with such regulations could affect the entities ability to trade and therefore its going concern status | The listing regulations were reviewed and all filings required of the Company were seen to have been correctly made on time. No instance of non-compliance was identified. |
| Overseas group entities | Risk that as the group has overseas entities that the accounting records may not be easily obtainable. | The finance function and controls are all centralized from the UK, no evidence of issues with overseas entities identified. |

## INDEPENDENT AUDITOR'S REPORT (continued)

**Our application of materiality**

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group's financial statements as a whole to be £143,171. In determining this, we considered a range of benchmarks with specific focus on the net assets at the balance sheet date. This materiality level represents 2.7% of net assets.

Based on our professional judgement, we determined overall materiality for the Parent Company's financial statements as a whole to be £143,171. In determining this, we considered a range of benchmarks with specific focus on the net assets at the balance sheet date. This materiality level represents 3.4% of net assets.

We report to the Audit Committee all identified unadjusted errors in excess of £7,159. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

**An overview of the scope of our audit**

Our audit was scoped by obtaining an understanding of the Company and its environment, including controls, and assessing the risks of material misstatement.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters if, in our opinion:

**INDEPENDENT AUDITOR'S REPORT (continued)**

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement contained within the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

**Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;

## INDEPENDENT AUDITOR'S REPORT (continued)

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Isle of Man Companies Act and local tax legislation.

**Audit response to risks identified**

As a result of performing the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinion we have formed.

**INDEPENDENT AUDITOR'S REPORT (continued)**

Robert Wood (Senior Statutory Auditor)
For and on behalf of
Shipleys LLP
Chartered Accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Date: 28 April 2023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 December 2022**

| | Notes | Year ended 31 December 2022 | Year ended 31 December 2021 Restated |
|---|---|---|---|
| | | **£** | £ |
| **CONTINUING OPERATIONS** | | | |
| Income: | | | |
| Option fees received re licenses | | - | 668,599 |
| Interest receivable | | - | - |
| Dividend receivable | | **2,951** | 691 |
| Realised gain on sale of investments | | **4,320** | - |
| Unrealised gain on investments | | **(78,197)** | 100,391 |
| Total Income | | **(70,926)** | 769,681 |
| Administrative expenses | | | |
| Administrative expenses | 4 | **(599,965)** | (291,690) |
| Listing related costs | | - | (79,925) |
| Mining licenses and rights | | - | - |
| Total Administrative Expense | | **(599,965)** | (371,615) |
| OPERATING (LOSS)/PROFITFOR THE YEAR | | **(670,891)** | 398,066 |
| Interest expense | | - | (2,373) |
| Interest income | | **20** | - |
| (LOSS)/PROFIT BEFORE TAX | | **(670,871)** | 395,693 |
| Taxation | 7 | - | (122,222) |
| **NET (LOSS)/PROFIT FOR THE YEAR** | | **(670,871)** | 273,471 |
| **Other comprehensive income:** | | | |
| Other comprehensive income | | - | - |
| (Loss)/Profit for the financial year | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Foreign currency reserve movement | | (32,256) | 34,339 |
| **Total comprehensive (loss)/profit for the financial year** | | **(703,127)** | 307,810 |
| **Attributable to:** | | | |
| Owners of the Company | | **(703,127)** | 307,810 |
| Non-controlling interest | | - | - |
| | | **(703,127)** | 307,810 |
| Basic loss per share | 6 | **(0.35) p** | 0.24 p |
| Diluted loss per share | 6 | **(0.29) p** | 0.20 p |

All results are derived from continuing operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 December 2022**

| | Notes | Year ended 31 December 2022 | Year ended 31 December 2021 Restated |
|---|---|---|---|
| | | £ | £ |
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation assets | 10 | 5,112,856 | 4,432,962 |
| **Total Non-Current Assets** | | 5,112,856 | 4,432,962 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 11 | 11,023 | 21,722 |
| Cash and cash equivalents | | 71,674 | 1,190,979 |
| Available-for-sale investments | 8 | 395,750 | 502,456 |
| **Total Current Assets** | | 478,447 | 1,715,157 |
| **TOTAL ASSETS** | | 5,591,303 | 6,148,119 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | (230,260) | (83,949) |
| Taxation | 7 | (122,222) | (122,222) |
| **Total Current Liabilities** | | (352,482) | (206,171) |
| **NET CURRENT (LIABILITIES) / ASSETS** | | 125,965 | 1,508,986 |
| **NON-CURRENT LIABILITIES** | | | |
| Loans | 13(i) | - | - |
| **Total Non-Current Liabilities** | | - | - |
| **TOTAL LIABILITIES** | | (352,482) | (206,171) |
| **NET ASSETS** | | 5,238,820 | 5,941,948 |
| **EQUITY** | | | |
| Share capital | 14 | 5,475,204 | 5,490,271 |
| Warrant reserve | 15 | 23,901 | 8,834 |
| Foreign exchange reserve | | 2,083 | 34,339 |
| Retained earnings | | (949,716) | (278,845) |
| | | 4,551,472 | 5,254,600 |
| Non controlling interest | | 687,348 | 687,348 |
| **TOTAL EQUITY** | | 5,238,820 | 5,941,948 |

The notes on pages 48-66 are an integral part of these financial statements.

The financial statements of African Pioneer Plc (registered number 008591V) were approved by the board on 28 April 2023 and signed on its behalf by:

C Bird
Non-Executive Chairman

R Samtani
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

| | Share capital | Capital contribution | Retained earnings Restated | Foreign exchange reserve | Warrant reserve | Non Controlling interest | Total equity Restated |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| **As at 1 January 2021** | **452,983** | **186,446** | **(552,315)** | - | - | - | **87,114** |
| Net proceeds from shares issued | 2,030,877 | - | - | - | - | - | 2,030,877 |
| Acquisition of subsidiaries | 2,962,500 | - | - | - | - | - | 2,962,500 |
| Acquisition of additional 15% of Manmar subsidiaries | 52,745 | - | - | - | | | 52,745 |
| Loan notes converted into shares | - | (186,446) | - | - | - | - | (186,446) |
| Profit for the year | - | - | 273,470 | 34,339 | | | 307,809 |
| Share based payment charge | **(8,834)** | - | - | - | 8,834 | - | - |
| Non-controlling interests on acquisition of subsidiary | - | - | - | - | - | 687,348 | 687,348 |
| **As at 31 December 2021 Restated** | **5,490,271** | - | **(278,845)** | **34,339** | **8,834** | **687,348** | **5,941,947** |
| **As at 1 January 2022** | **5,490,271** | - | **(278,845)** | **34,339** | **8,834** | **687,348** | **5,941,947** |
| Profit / (Loss) for the year | - | - | (670,871) | (32,256) | | | (703,127) |
| Share based payment charge | **(15,067)** | - | - | - | 15,067 | - | - |
| Non-controlling interests on acquisition of subsidiary | - | - | - | - | - | | |
| **As at 31 December 2022** | **5,475,204** | - | **(949,716)** | **2,083** | **23,901** | **687,348** | **5,238,820** |

The notes on pages 46-66 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

**For the year ended 31 December 2022**

| | Notes | **Year ended 31 December 2022** | Year ended 31 December 2021 Restated |
|---|---|---|---|
| | | £ | £ |
| **CASH FLOW FROM OPERATIONS** | | | |
| Profit/(Loss) before taxation | | **(670,871)** | 273,470 |
| Adjustments for: | | | |
| Interest received | | - | - |
| Dividends received | | **(2,951)** | (691) |
| (Gain) on disposal of investment shares | | **(4,320)** | - |
| Loss/(Gain) in fair value of investment at reporting date | 8 | **78,197** | (100,391) |
| Interest expense | | - | - |
| Operating (loss) before movements in working capital | | **(599,945)** | 172,389 |
| Decrease/(Increase in receivables) | | **10,699** | (21,302) |
| Increase in payables | | **146,311** | 155,441 |
| **NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | | **(442,935)** | 306,528 |
| **TAXATION PAID** | | | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Interest received | | - | - |
| Dividends received | | **2,951** | 691 |
| Investments purchased | | - | (302,960) |
| Investments sold | | **32,829** | - |
| Purchases of Exploration and evaluation assets | | **(679,894)** | (303,206) |
| Purchase of Exploration and Evaluation assets on Acquisition of subsidiaries | | | (427,163) |
| **NET CASH INFLOW FROM INVESTING ACTIVITIES** | | **(644,114)** | (1,032,638) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Issue of convertible loan notes | | - | - |
| Proceeds from Issue of shares, net of issue costs | | - | 1,844,431 |
| Loan repayment | | - | (49,143) |
| **NET CASH INFLOW FROM FINANCING ACTIVITIES** | | - | 1,795,288 |
| **Net increase/(decrease) in cash and cash equivalents in the period** | | **1,087,049** | 1,069,178 |
| Effect of foreign exchange rate changes | | **(32,256)** | 34,339 |
| **Cash and cash equivalents at the beginning of the period** | | **1,190,979** | 87,462 |
| **Cash and cash equivalents at the end of the period** | | **71,674** | 1,190,979 |

The notes on pages 48-66are an integral part of these financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION
**As at 31 December 2022**

| | Notes | 31 December 2022 £ | 31 December 2021 Restated £ |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Investment in subsidiaries | 10 | 2,796,500 | 2,796,500 |
| **Total Non-Current Assets** | | 2,796,500 | 2,796,500 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 11 | 1,557,828 | 866,342 |
| Cash and cash equivalents | | 71,664 | 1,190,969 |
| Available-for-sale investments | 8 | 395,750 | 502,456 |
| **Total Current Assets** | | 2,025,242 | 2,559,767 |
| **TOTAL ASSETS** | | 4,821,742 | 5,356,267 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | (689,809) | (565,829) |
| **Total Current Liabilities** | | (689,809) | (565,829) |
| **NET CURRENT ASSETS / (LIABILITIES)** | | 1,335,433 | 1,993,938 |
| **NON-CURRENT LIABILITIES** | | | |
| Loans | 13(i) | - | - |
| **Total Non-Current Liabilities** | | - | - |
| **TOTAL LIABILITIES** | | (689,809) | (565,829) |
| **NET ASSETS** | | 4,131,933 | 4,790,438 |
| **EQUITY** | | | |
| Share capital | 14 | 5,475,204 | 5,490,271 |
| Warrant reserve | 15 | 23,901 | 8,834 |
| Retained earnings | | (1,367,172) | (708,667) |
| **TOTAL EQUITY** | | 4,131,933 | 4,790,438 |

The notes on pages 46-66 are an integral part of these financial statements.

The financial statements of African Pioneer Plc (registered number 008591V) were approved by the board on 28 April 2023 and signed on its behalf by:

C Bird
Non-Executive Chairman

R Samtani
Director

## COMPANY STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

| | Share capital | Capital contribution | Retained earnings Restated | Warrant reserve | Total equity Restated |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **As at 1 January 2021** | **452,983** | **186,446** | **(552,315)** | **-** | **87,114** |
| Net proceeds from shares issued | 2,030,877 | - | - | - | 2,030,877 |
| Acquisition of subsidiaries | 2,962,500 | - | - | - | 2,962,500 |
| Acquisition of additional 15% of Manmar subsidiaries | 52,745 | - | - | - | 52,745 |
| Loan notes converted into shares | - | (186,446) | - | - | (186,446) |
| Share based payment charge | (8,834) | - | - | 8,834 | - |
| Loss for the year | - | - | (156,352) | | (156,352) |
| **As at 31 December 2021 (Restated)** | **5,490,271** | **-** | **(708,667)** | **8,834** | **4,790,438** |
| **As at 1 January 2022** | **5,490,271** | **-** | **(708,667)** | **8,834** | **4,790,438** |
| Share based payment charge | (15,067) | - | - | 15,067 | - |
| (Loss) for the year | - | - | (658,505) | | (658,505) |
| **As at 31 December 2022** | **5,475,204** | **-** | **(1,367,172)** | **23,901** | **4,131,933** |

The notes on pages 46-66 are an integral part of these financial statements.

## COMPANY STATEMENT OF CASH FLOWS

**For the year ended 31 December 2022**

| | Notes | **Year ended 31 December 2022** | Year ended 31 December 2021 Restated |
|---|---|---|---|
| | | £ | £ |
| **CASH FLOW FROM OPERATIONS** | | | |
| Profit/(Loss) before taxation | | **(658,505)** | (156,352) |
| Adjustments for: | | | |
| Interest received | | - | - |
| Dividends received | | **(2,951)** | (691) |
| (Gain) on disposal of investment shares | | **(4,320)** | - |
| Loss/(Gain) in fair value of investment at reporting date | 8 | **78,197** | (100,391) |
| Interest expense | | - | - |
| Operating (loss) before movements in working capital | | **(587,579)** | (257,434) |
| Decrease/(Increase) in receivables | | **10,699** | (20,559) |
| Increase/(decrease) in payables | | **146,305** | (8,258) |
| Increase / (decrease) in loans to subsidiaries | | **(724,510)** | 325,383 |
| **NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | | **(1,155,085)** | 39,132 |
| **TAXATION PAID** | | | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Interest received | | - | - |
| Dividends received | | **2,951** | 691 |
| Investments purchased | 8 | - | (302,960) |
| Investments sold | | **32,829** | - |
| Acquisition of subsidiaries | | - | (428,644) |
| | | - | - |
| **NET CASH INFLOW FROM INVESTING ACTIVITIES** | | **35,780** | (730,913) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Issue of convertible loan notes | | - | - |
| Proceeds from Issue of shares, net of issue costs | | - | 1,844,431 |
| Loan repayment | | - | (49,143) |
| **NET CASH INFLOW FROM FINANCING ACTIVITIES** | | - | 1,795,288 |
| **Net increase/(decrease) in cash and cash equivalents in the period** | | **1,119,305** | 1,103,507 |
| **Cash and cash equivalents at the beginning of the period** | | **1,190,969** | 87,462 |
| **Cash and cash equivalents at the end of the period** | | **71,664** | 1,190,969 |

The notes on pages 46-66 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2022

### 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. ACCOUNTING POLICIES

**Basis of preparation**

The financial statements have been prepared under the historical cost convention except for the measurement of certain non-current asset investments at fair value. The measurement basis and principal accounting policies of the Group are set out below. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

**New and amended IFRS Standards that are effective for the current year**
A number of new standards and interpretations have been adopted by the Group for the first time in line with their mandatory adoption dates, but none are applicable to the Group and hence there would be no impact on the financial statements.

**New and revised IFRS Standards in issue but not yet effective**
At the date of approval of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 17 (including the June 2020 amendments to IFRS 17) | Insurance Contracts |
| IFRS 10 and IAS 28 (amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendment to IFRS 16 | Covid rent concessions |
| IFRS 3 | Conceptual framework |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment—Proceeds before Intended Use |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS1 | Non-current liabilities with covenants |
| Amendments to IFRS 16 | Lease liability sale & leaseback |

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 2. ACCOUNTING POLICIES (continued)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**Basis of consolidation**
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profits/(losses) attributable to non-controlling interests are shown separately in the Statement of Comprehensive income and the portion of net assets attributable to non-controlling interest is shown on the Statement of Financial Position.

**Going concern**
The Group made a loss from all operations for the year ended 31 December 2022 after tax of £(670,871) (2021: restated profit of £273,471), On 2 October 2021 the Company entered into a two-year option agreement with ASX listed Sandfire Resources Limited in relation to 4 of its 8 Botswana prospecting licences whereby the Company received a cash payment amounting to US$500,000 plus 107,272 Sandfire Resources Limited shares as part of the agreement with Sandfire. As a result of the option fee received, the Company made a profit for the year to 31 December 2021. During 2021, the Company raised £1,750,000 at the time of its Listing on 1 June 2021and £365,000 by way of a share subscription from Sandfire Resources Limited. Cash and cash equivalents were £71.7k as at 31 December 2022 and the Company had available for sale investments at 31 December 2022 of £396K. 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. The management team has successfully raised funding for exploration projects in the past, but there is no guarantee that adequate funds will be available when needed in the future.

Based on its current reserves and 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.

The management team has successfully raised funding for exploration projects in the past, but there is no guarantee that adequate funds will be available when needed in the future.

There is a material uncertainty relating to the conditions above that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 2. ACCOUNTING POLICIES (continued)

This financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

**Exploration assets accounting policy**

The Company's exploration assets accounting policy is in line with IFRS6. 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.

**Valuation of 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.

**Equity and reserves**

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares with no par nominal value. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Foreign exchange reserve - amounts arising on re-translating the net assets of overseas operations into the presentational currency

The capital contribution reserve represents the value of the equity component of loans made from parent undertakings.

The warrant reserve presents the proceeds from issuance of warrants, net of issue costs. Warrant reserve is non-distributable and will be transferred to share capital account and accumulated losses upon exercise of warrants. Shares to be issued reserve arises on the timing difference between the Company making a commitment to issue shares and the shares being issued. Once the shares are issued a transfer is made to the share capital account. Accumulated losses include all current and prior period results as disclosed in the statement of comprehensive income, less dividends paid to the owners of the parent.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 2. ACCOUNTING POLICIES (continued)

### Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### Functional and presentational currency

The presentation and functional currency of the Company is Sterling.

### Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the statement of comprehensive income except for expenses incurred on the acquisition of an investment, which are included within the cost of that investment, expenses arising on the disposal of investments are deducted from the disposal proceeds.

### Cash and cash equivalents

This consists of cash held in the Company's bank account.

### Financial liabilities

The Company has financial liabilities consisting of trade payables and accrued expenses which are non-derivative financial liabilities recognised at amortised cost.

### Taxation

The Company is subject to tax in the Isle of Man in the period at a rate of 0% and accordingly, interest and gains payable to the Company are received by the Company without any deduction relating to Isle of Man taxed. and during the period the Company had no income subject to taxation in other jurisdictions, As per Note 16 the Company has made a prior year adjustment in respect of provision for tax due by a subsidiary of £122,222.

### Earnings per share

The earnings per share are calculated by dividing the net result attributed to the equity shareholders by the weighted average number of participating shares in issue in the period.

### Geographical segments

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The internal management reporting used by the chief operating decision maker consists of one segment. Hence in the opinion of the directors, no separate disclosures are required under IFRS 8. The Company's revenue in the year is not material and consequently no geographical segment information has been disclosed.

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 2. ACCOUNTING POLICIES (continued)

**Critical accounting estimates and judgements**

The preparation of the Group's financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Details of the Group's significant accounting judgements used in the preparation of these financial statements include:

**Recoverability of intangible exploration and evaluation assets**
Where a project is sufficiently advanced, the recoverability of intangible exploration and evaluation assets is assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Intangible exploration assets are inherently judgemental to value. The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written-off to the profit and loss as exploration costs unless commercial reserves are established, or the determination process is completed and there are no indications of impairment. The carrying value of exploration assets in the consolidated financial statements as at 31 December 2022 is £5,112,856. The recoverability of this carrying value, and thus potential impairment, requires use of significant judgments and estimates. The details of these assets are outlined in note 10.

**Recoverability of investment in subsidiaries and intragroup receivables**
In the Company financial statements, the carrying value of the Company's investment in subsidiaries and intragroup receivables is £4,344,048. The recoverability of this balance is driven by the same judgements and uncertainties as the recoverability of the exploration and evaluation assets held by the subsidiaries.

**Valuation of share-based payments**
Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The share-based payment expense is recognised as deduction in share capital. A corresponding increase in the warrant reserve is also recognised The fair value of these payments is calculated by the Company using the Black Scholes option pricing model. The model requires the Directors to make assumptions regarding the share price volatility, risk free rate and expected life of awards in order to determine the fair values of the awards at grant dates.

### 3. FINANCIAL RISK MANAGEMENT

The Company's objective is to achieve capital growth through investing in selection of equity and other instruments. The Company's financial instruments comprise:

- Available-for-sale investments
- Cash, short-term receivables and payables

Throughout the period under review, it was the Company's policy that no trading in derivatives shall be undertaken. The main financial risks arising from the Company's financial instruments are market price risk and liquidity risk. The

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**3. FINANCIAL RISK MANAGEMENT (continued)**

Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained constant throughout the period.

**Market risk**

Market risk consists of interest rate risk, foreign currency risk and other price risk. There are no foreign currency exposures. Hence, no foreign currency risk. It is the Board's policy to maintain an appropriate spread of investments in the portfolio whilst maintaining the investment policy and aims of the Company. The Investment Committee actively monitors market prices and other relevant information throughout the year and reports to the Board, who is ultimately responsible for the Company's investment policy.

**Interest rate risk**

Changes in interest rates would affect the Company returns from its cash balances. A floating rate of interest, which is linked to bank base rates, is earned on cash deposits. The exposure to cash flow interest rate risk at 31 December 2022 for the Company was £71,674 (2021: £1,190,969). As the Company does not have any borrowings and finances its operations through its share capital and retained revenues, it does not have any interest rate risk except in relation to cash balances.

**Other price risk**

Other price risk which comprises changes in market prices other than those arising from interest rate risk or currency risk may affect the value of quoted and unquoted equity investments. The Board of directors manages the market price risks inherent in the investment portfolio by regularly monitoring price movements and other relevant market information. The Company accounts for movements in the fair value of its available-for-sale financial assets in other comprehensive income. A 5% change in prices of investments would result in increase/(decrease) of £19,780 in value of investments (2021: £25,123).

**Liquidity risk**

The Company maintains appropriate cash reserves and the majority of the Company's assets comprise of realisable securities, most of which can be sold to meet funding requirements, if necessary. Given the Company's cash reserves, it has been able to settle all liabilities on average within 1 month. Given the current level of cash resources the liquidity risk is not considered to be material.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2022 is detailed below:

For the Group, credit risk arises primarily from cash balances held at banks. The risk is mitigated by using only reputable financial institutions with a high credit rating.

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 3. FINANCIAL RISK MANAGEMENT (continued)

The Company is additionally exposed to credit risk on the intercompany balances with its subsidiaries. The recoverability of these balances is linked directly to the success of the exploration activities of the Group.

As discussed in note 10, no impairment indicators exist on the exploration assets and thus the balances are deemed to be recoverable. The Company and Group do not hold any collateral as security

The credit rating bands are provided by independent ratings agencies:

| As at 31 December 2022 | Not rated /not readily available | Total |
|---|---|---|
| Cash and cash equivalents | 71,674 | 71,674 |
| **Total assets subject to credit risk** | **71,674** | **71,674** |

| As at 31 December 2021 | Not rated /not readily available | Total |
|---|---|---|
| Cash and cash equivalents | 1,190,969 | 1,190,969 |
| **Total assets subject to credit risk** | **1,190,969** | **1,190,969** |

**Financial liabilities**
There are no currency or interest rate risk exposures on financial liabilities as they are denominated in £ Sterling.

**Capital management**
The Company actively reviews its issued share capital and reserves and manages its capital requirements in order to maintain an efficient overall financing structure whilst avoiding any leverage.

### 4. EXPENSES BY NATURE

| | | **31 December 2022** | 31 December 2021 |
|---|---|---|---|
| Directors' fees | 5 | **(172,404)** | **(106,469)** |
| Audit fees | | **(49,200)** | **(32,220)** |
| Stock exchange related costs | | **(52,073)** | **(14,813)** |
| Legal, professional and consultancy fees | | **(96,319)** | **(39,359)** |
| Consultancy fees | | **(106,500)** | **(25,000)** |
| Management services | | **(10,800)** | **(11,800)** |
| Insurance | | **(20,146)** | **(14,521)** |
| Other administration expenses | | **(46,784)** | **(13,321)** |
| Travel | | **(7,999)** | **-** |
| Investor relations | | **(37,740)** | **(34,187)** |
| Total Expense | | **(599,965)** | **(291,690)** |

| | **31 December 2022** | 31 December 2021 |
|---|---|---|
| | **£** | £ |
| Auditor's remuneration | | |
| - Audit of the financial statements of the Company | **49,200** | 32,220 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 5. DIRECTORS' EMOLUMENTS

Other than directors, there were no employees or key management personnel in the year.

| | 31 December 2022 £ | 31 December 2021 £ |
|---|---|---|
| Colin Bird | **60,000** | 35,000 |
| Raju Samtani | **50,004** | 29,169 |
| Christian Cordier | **30,000** | 16,500 |
| Kjeld Thygesen | **18,000** | 16,500 |
| James Cunningham-Davis | **14,400** | 9,300 |
| Total | **172,404** | 106,469 |

The emoluments paid to the directors relate to both the Company and the Group

| | 2022 Number | 2021 Number |
|---|---|---|
| Directors | 5 | 4 |
| Consultants | 1 | 1 |
| The average monthly number of employees | 6 | 5 |

## 6. EARNINGS PER SHARE

| | 31 December 2022 | 31 December 2021 Restated |
|---|---|---|
| Profit/(Loss) after tax for the purposes of earnings per share attributable to equity shareholders | **£(670,871)** | £273,471 |
| Weighted average number of shares | **191,707,845** | 116,222,201 |
| Weighted average number of shares and warrants | **229,430,224** | 138,235,532 |
| Basic profit/(loss) per ordinary share | **(0.35) p** | 0.24 p |
| Diluted profit per ordinary share | **(0.29) p** | 0.20 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.

## 7. TAXATION

The Company is subject to Isle of Man income tax at 0%, and during the period had no income subject to taxation in other jurisdictions, and has no capital allowances or deferred tax implications. Accordingly, the Directors have made no provision for taxation charges or liabilities for the period and have not presented the formal reconciliation required under IAS 12. As per Note 16 the Company has made a prior year adjustment in respect of provision for tax due by a subsidiary of £122,222.

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**
### 8. AVAILABLE FOR SALE INVESTMENTS

| | **Group & Company 31 December 2022** | Group & Company 31 December 2021 |
|---|---|---|
| | **£** | £ |
| Investments at fair value at 1 January | **502,456** | 99,105 |
| Additions | **-** | 302,960 |
| Disposals | **(28,509)** | - |
| Movements in fair value | **(78,197)** | 100,391 |
| Investments at fair value at 31 December | **395,750** | 502,456 |

The book cost of the investments at 31 December 2022 was £381,541 (2021: £410,050).

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.

**Financial instruments measured at fair value**

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **31 December 2022** | **£** | **£** | **£** | **£** |
| Assets | 395,750 | | - | 395,750 |
| **Total** | 395,750 | | - | 395,750 |
| | Level 1 | Level 2 | Level 3 | Total |
| | £ | £ | £ | £ |
| 31 December 2021 | | | | |
| Assets | 502,456 | | - | 502,456 |
| | 502,456 | | - | 502,456 |
| **Total** | | | | |

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 9. 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, held 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. 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% (see note 10)

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

| | £ |
|---|---|
| **Consideration** | |
| Equity consideration | |
| - Ordinary shares (issued) | **687,500** |
| Cash consideration | **149,149** |
| | **836,649** |
| Fair value of assets and liabilities acquired | |
| - Assets | - |
| - Liabilities | **(262)** |
| | **(262)** |
| **Deemed fair value of exploration assets acquired** | **836,911** |
| Additional 15% acquired | **331,240** |
| Total 85% acquisition value | **1,168,151** |
| Attributable to non-controlling interest | **206,098** |
| Gross fair value of exploration assets acquired | **1,374,249** |

**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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

**9. ACQUISITION OF SUBSIDIARIES (Continued)**

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

| | £ |
|---|---|
| Ordinary shares (issued) | **1,925,000** |
| Fair value of assets and liabilities acquired | |
| - Assets | **743** |
| - Loan for exploration licenses | **(41,205)** |
| - | **(40,462)** |
| **Deemed fair value of** | |
| **- exploration assets acquired** | **1,965,462** |
| Attributable to non-controlling interest | 481,250 |
| **Gross fair value of exploration assets acquired** | **2,446,712** |

**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:

| | £ |
|---|---|
| **Consideration** | |
| Equity consideration | |
| - Ordinary shares (issued) | **350,000** |
| Fair value of assets and liabilities acquired | |
| - Assets | - |
| - Liabilities | - |
| | - |
| **Deemed fair value of** | |
| **exploration assets acquired** | **350,000** |

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 10. EXPLORATION AND EVALUATION ASSETS

| | Group Exploration and evaluation assets 31 December 2022 £ | Company Investment in subsidiary 31 December 2022 £ | Group Exploration and evaluation assets 31 December 2021 £ | Company Investment in subsidiary 31 December 2021 £ |
|---|---|---|---|---|
| Balance at beginning of period | 4,432,962- | 2,796,500 | - | |
| Acquisitions during the period | | | | |
| - Namibia Projects (note 9) | | | 1,374,249 | 521,500 |
| - Zambia Projects (note 9) | | | 2,446,712 | 1,925,000 |
| - Botswana Projects (note 9) | | | 350,000 | 350,000 |
| Exploration expenditure | 679,894 | - | 262,001 | - |
| - | | | | |
| **Carried forward at end of year** | 5,112,856 | 2,796,500 | 4,432,962 | 2,796,500 |

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid less impairment.

The Company conducted an impairment review and is satisfied that the carrying value of £2,796,500 is reasonable and no impairment is necessary. (2021- Nil).

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 acquired the Namibia Projects, Zambia Projects and Botswana Projects in 2021 (see Note 9 for details):

No current JORC 2012 compliant Mineral Resources exist for the Zambia and Botswana Projects and no Mineral Reserve estimates have been completed for the Zambia and Botswana 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 option agreements .

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 10. EXPLORATION AND EVALUATION ASSETS (continued)

**Principal Subsidiaries**

| Name & registered office address | Country of incorporation and residence | Nature of business | Proportion of equity shares held by Company |
|---|---|---|---|
| Resource Capital Partners Pty Ltd<br>Plot 102, Unit 13<br>Gaborone International Commerce Park,<br>Gaborone, Botswana | Botswana | Base Metals Exploration | 100% |
| African Pioneer Zambia Ltd<br>Plot No397/0/1<br>Chipwenupwenu Road<br>Makeni, Lusaka<br>PO Box 34033, Zambia | Zambia | Base Metals Exploration | 80% |
| Zamcu Exploration Pty Ltd<br>5 Eze Terrace<br>Hillarys<br>WA, 6025<br>AUSTRALIA | Australia | Holding Company | 100% |
| Manmar investments one hundred and twenty nine Pty Ltd<br>36 Simeon Kambo Shixungileni Street,<br>Windhoek, Namibia | Namibia | Base Metals Exploration | 85% via Zamcu |
| Manmar investments one hundred and thirty six Pty Ltd<br>36 Simeon Kambo Shixungileni Street,<br>Windhoek, Namibia | Namibia | Base Metals Exploration | 85% via Zamcu |

### 11. TRADE AND OTHER RECEIVABLES

| | **Group 31 December 2022** | **Company 31 December 2022** | Group 31 December 2021 | Company 31 December 2021 Restated |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| Loans to subsidiaries * | **-** | **1,547,548** | - | 845,363 |
| Prepayments | **10,280** | **10,280** | 20,979 | 20,979 |
| Other debtors | **743** | **-** | 743 | - |
| Total | **11,023** | **1,557,828** | 21,722 | 866,342 |

* Loans to subsidiaries are interest free and payable on demand.

Group Receivables and other current assets are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 12. TRADE AND OTHER PAYABLES

| | **Group 31 December 2022** | **Company 31 December 2022** | Group 31 December 2021 | Company 31 December 2021 Restated |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| Creditors | **138,510** | **138,510** | 4,846 | 4,846 |
| Accrued expenses | **50,267** | **50,267** | 37,626 | 37,626 |
| Loans from subsidiaries | | **501,032** | | 523,357 |
| Other creditors | **278** | - | 272 | - |
| Loan from directors | **41,205** | - | 41,205 | - |
| Total | **230,460** | **689,809** | 83,949 | 565,829 |

Carrying amounts of trade and other payables approximate their fair value.

## 13. LOANS

All outstanding convertible loan amounts were settled in the prior year.

## 14. CALLED UP 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.

| | **Number** | **£** |
|---|---|---|
| **Authorised:** | | |
| 1,000,000,000 ordinary shares of no par value | **1,000,000,000** | **n/a** |

| | **2022** | | **2021** | |
|---|---|---|---|---|
| **Issued equity share capital** | Number | £ | Number | £ |
| **Issued and fully paid Ordinary shares** | **191,707,845** | **5,946,610** | 191,707,845 | 5,946,610 |

| **Group and Company** | **Number of shares** | **Share capital £** |
|---|---|---|
| As at 1 January 2022 | 191,707,849 | 5,490,271 |
| Shares issued during the period | - | - |
| Share issue costs * | - | = |
| Share based payment charge | | (15,067) |
| **As at 31 December 2022** | **191,707,849** | **5,475,204** |

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 14. CALLED UP SHARE CAPITAL (continued)

25,000,000 two year warrants were issued to the placees on 1 June 2021 exercisable at 5.25p per ordinary share
8,571,428 three year warrants were issued to Sanderson Capital LLP on 1 June 2021 exercisable at 3.5p per ordinary share
A further 4,150,947 warrants were issued on 1 June 2021 for services carried out as detailed in note 15.

### 15. WARRANTS AND SHARE BASED PAYMENT

On 1 June 2021 the Company granted the following warrants for services carried out in relation to the listing of the Company on 1 June 2021 on the Standard Listing on the Official List trading on the Main Market of the London Stock Exchange.

| To | Number | Date granted | Exercise price | Expiry | Vesting conditions |
|---|---|---|---|---|---|
| Novum Securities Ltd | 2,500,000 | 01/06/2021 | 3.5p | 1 June 24 | upon being granted |
| Quantum Capital and Consulting Ltd | 1,420,947 | 01/06/2021 | 3.5p | 1 June 24 | upon being granted |
| Cavendish Trust | 230,000 | 01/06/2021 | 3.5p | 1 June 23 | upon being granted |
| | 4,150,947 | | | | |

As a result of this the fair value of the share options was determined at the date of the grant using the Black Scholes model, using the following inputs:

| | |
|---|---|
| Share price at the date of amendment | 3.5p |
| Strike price | 3.5p |
| Volatility | 50% |
| Expected life | 2/3 years |
| Risk free rate | 0.17% |

The 50% volatility rate is based on the average volatility from historical data in this sector

The share-based payment charge for these warrants for the year to 31 December 2022 was £15,067, which has been taken to the share-based payment reserve and the resultant fair value of the warrants as at 31 December 2022 was determined to be £23,901 (2021: £8,834).

### 16. PRIOR PERIOD ADJUSTMENT

The Company is restating it's statement of Comprehensive Income and Financial Position as at 31st December 2021 as during this period the Company's income was overstated by £555,556 and the Group's net profit after taxation was overstated by £122,222. The Company overstatement of income arose as a result of a subsidiary's income being attributed to the Company so did not affect the Group's Comprehensive Income for the period. The Group's overstatement of net profit after taxation arose due to a provision of £122,222 for taxation by one of the Group's subsidiaries. For Company the effect was that net assets were lower by £555,556 and for the group the effect was net assets were lower by £122,222.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 17. RELATED PARTY TRANSACTIONS

Cavendish Trust Company Limited (CTC) provides company administration and secretarial services to the Company on normal commercial terms as part of their normal business activity. As such it is not normally treated as a related party. Fees paid to CTC during the year include £14,400 (2021: £9,300), relating to director's fees for the services of J. Cunningham-Davis, a director of CTC. At the year-end a balance of £10,800 (2021: £Nil), was outstanding.

Lion Mining Finance Limited, a company in which Colin Bird is director and shareholder, has provided financial and technical services to the Company amounting to £10,800 plus VAT in the year (2021 - £10,800 plus VAT). At the year-end a balance of £Nil (2021: £Nil) was outstanding. The Board considers this transaction to be on normal commercial terms and on an arm's length basis.

In October 2020 a loan of US$ 54,940 (£41,250) was advanced to African Pioneer Zambia Ltd jointly by Colin Bird (US$ 27,470) and Raju Samtani (US$ 27470) in order to acquire certain licenses

**Intragroup Loans**

Loan due from / (due to) balances with group companies at the end of the year are as follows. Loans are interest free and repayable on demand.

| | 2022 | 2021 Restated |
|---|---|---|
| | £ | £ |
| | | |
| Zamcu Exploration Pty Ltd to African Pioneer Plc | 1,414,900 | 749,952 |
| Resource Capital Partners Pty Ltd to African Pioneer Plc | (501,032) | (523,357) |
| African Pioneer Zambia Ltd to African Pioneer Plc | 123,817 | 95,411 |

**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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 17. RELATED PARTY TRANSACTIONS (continued)

(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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

## 17. RELATED PARTY TRANSACTIONS (continued)

(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 l 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.

## 18. POST BALANCE SHEET EVENTS

On 24 January 2023 the Company announced that pursuant to the Executive Share Option Scheme approved at the Company's Annual General Meeting ("AGM") held on 23 August 2022 16,850,000 options over Ordinary Shares ("Options") were awarded, 6,600,000 of the Options were awarded to directors of the Company, as detailed below and the balance of 10,250,000 Options to other eligible participants. The Company had not previously issued any Options.

## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)**

### 18. POST BALANCE SHEET EVENTS (continued)

**Summary of the Options awarded:**

Total number of options: A total of 16,850,000 Options have been awarded.

Exercise prices & award date: All the Options have an exercise price of 4.5 pence per Ordinary Share and vested on issue.

Purpose of options: To incentivise and retain directors, officers, consultants and employees critical to enhancing the future market value of the Company and have been issued at a significant premium to the 30 day volume weighted average share price ("VWAP") when the Options were approved.

30 day VWAP when Options approved: The 30 day VWAP to 23 January 2023, being the latest practicable date prior to the approval of the Options by the Company's Remuneration Committee and Board, was 2.945 pence per share.

Prevailing share price: The Company's mid-market closing share price on 23 January 2023, being the latest practicable date prior to the announcement of the Options, was 3.3 pence.

Exercise prices versus abovementioned VWAP and prevailing share price:

| | Premium to: | |
|---|---|---|
| | Prevailing closing share price | 30 day VWAP |
| Exercise price of 4.5 pence | 36% | 53% |

Life of Options: The options expire on 23 January 2033 being the date one day prior to the tenth anniversary of the award of the Options.

Exercise period: The Options can be exercised any time after vesting and prior to their scheduled expiry and must be exercised within 6 months of an option holder leaving the Company or within 12 months of the death of an option holder.

Options awarded to the Directors

| **Directors** | No. of Options |
|---|---|
| Executive Directors: | |
| Colin Bird Executive Chairman | 5,000,000 |
| Christian Cordier Commercial Director | 500,000 |
| Raju Samtani Finance Director | 600,000 |
| Non Executive Directors: | |
| Kjeld Thygesen Independent | 500,000 |
| James Cunningham-Davis | Nil |
| **Total Directors** | 6,600,000 |