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African Pioneer PLC

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African Pioneer Plc
("African Pioneer" or the "Company")

Financing and Mine Development Term Sheet signed with Xinhai for Development of AFP's Copper Projects in Namibia

African Pioneer Plc ("AFP"), the exploration and resource development company with projects in Namibia, Zambia and Botswana, is pleased to announce that it has signed a non-binding Term Sheet (the "Term Sheet") with Hong Kong Xinhai Mining Services Limited ("Xinhai"), a globally recognised engineering, procurement, construction and mine development group, for the provision of financing and technical services to advance the Ongombo and Ongeama Copper Projects located approximately 30km from Windhoek, Namibia's capital city. Under the Term Sheet, Xinhai have for a nominal payment been granted an exclusivity period of up to 60 days for the parties to enter into definitive documentation ("Definitive Agreements"). The proposals set out in the Term Sheet may therefore either not complete or be subject to material variation.

The financing and technical services agreement set out in the Term Sheet represents a major milestone in African Pioneer's strategy to fast-track Ongombo-Ongeama into commercial copper production through a fully integrated financing, engineering, construction and commissioning solution delivered by one of the mining industry's most experienced EPC contractors.

Xinhai is an internationally recognised mining engineering and contracting group with an extensive global track record, having completed more than 500 EPC projects worldwide, including mine construction, processing plant development and operational management assignments across multiple jurisdictions.

Highlights

- In principle agreement with internationally recognised EPC and mine development group Xinhai to finance, engineer, construct and commission the Ongombo-Ongeama Copper Project

- Comprehensive financing solution covering exploration, resource expansion, engineering design, construction and commissioning

- Development pathway designed to significantly accelerate the transition from resource development to copper production

- Xinhai to provide 100% of the funding required to achieve agreed development milestones

- Strategic copper project located only 30km from Windhoek with excellent infrastructure access and development advantages

- On the execution of the Definitive Agreements, Xinhai shall subscribe for 10% of the then-issued ordinary share capital of AFP on a fully diluted basis at a subscription price of 1.15p per share (subject to adjustment if there is a material movement of share price before the signing of the Definitive Agreements) and provide a project facility through a 10% secured loan which may be repaid by issuing up to c. 74% of the project holding company.

- The financing and services agreement combines African Pioneer's high-quality Namibian copper assets with Xinhai's internationally recognised technical expertise, engineering excellence and project delivery capability

Full details of the financing arrangements will be announced on execution of the Definitive Agreements.

Colin Bird, Chairman of African Pioneer, commented:

"This financing and services agreement will make it possible for African Pioneer to fast-track Ongombo-Ongeama towards commercial copper production.

Xinhai is an internationally recognised mining engineering and EPC group with an impressive global record of delivering mine developments from concept through construction and into operation. Their financial strength, engineering capability and extensive operational experience provide a unique platform to unlock the full value of our Namibian copper assets.

Importantly, the arrangements will embrace every critical aspect of project evaluation, development, financing, engineering, construction and commissioning under a single integrated framework. The objective is clear: to fast-track Ongombo-Ongeama into a modern, efficient and environmentally responsible copper mining operation in the shortest practical timeframe. Therefore, there is no requirement for additional project funding by African Pioneer if development milestones are successfully achieved.

With the project situated only 30 kilometres from Windhoek, one of Africa's most accessible mining jurisdictions, we believe the combination of location, infrastructure, financing and world-class engineering expertise provides a compelling opportunity to create a new copper producer for Namibia.

We look forward to progressing rapidly through the development milestones and updating shareholders as we move towards definitive agreements and the commencement of an accelerated development programme."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law pursuant to the Market Abuse (Amendment) (EU Exit) regulations (SI 2019/310).

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