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African Pioneer Plc

("African Pioneer" or "the Company")

Funding Facility

African Pioneer plc ("AFP" or the "Company") the exploration and resource development company with advanced projects in Namibia, Botswana, and Zambia, is pleased to announce that the Company has on 1 May 2024 entered into an unsecured convertible loan funding facility agreement for up to £1,000,000 (the "**Facility**") with Sanderson Capital Partners Ltd (the "**Lender**"), a long term shareholder in the Company, which is convertible at 2.8 pence per ordinary share. The Facility can be drawn down in 4 tranches of £250,000 each. The Facility can be extended by the Company by a further £500,000 ("**Optional Facility**") if the Company drawsdown in full or in part against all 4 tranches of the Facility in which case the conversion price for the Optional Facility will be 4 pence per ordinary share. The Facility is a standby facility as a potential additional source of working capital for the Company in a period when the funding market for junior exploration companies can be subject to market volatility. The Company can use the Facility, at its discretion, to fund the working capital requirements of the Company and its subsidiaries as determined by the Company but is not required to drawdown under the Facility.

Working Capital Facility Agreement

The Company has signed an agreement with the Lender for a facility of up to £1,000,000. The Facility is unsecured, interest free and can be drawn down in four tranches as follows

- £250,000 to be drawn down within 6 months of 1 June 2024 ("**Loan Tranche One**");
- £250,000 to be drawn down within 6 months of 7 July 2024 ("**Loan Tranche Two**");
- £250,000 to be drawn down within 6 months of 31 August 2024 ("**Loan Tranche Three**");
- and
- £250,000 to be drawn down within 6 months of 31 October 2024 ("**Loan Tranche Four**").

The Company will provide to the Lender a loan drawdown notice if and when it requires a drawdown. The Company has the option but not the obligation to drawdown on part or all of the Facility. The Company must use the funds advanced under the Facility to fund the working capital requirements of the Company and its subsidiaries as determined by the Company at its sole discretion.

Repayment and Conversion

Repayment

Unless otherwise converted, the Company must repay each Loan Tranche on the first anniversary of the advance by the Lender of the applicable Loan Tranche for each Tranche ("**Maturity Date**"). The Company may prepay the whole or part of the Facility on any day prior to the Maturity Date for a Loan Tranche upon giving not less than 14 days' prior written notice to the Lender and paying in cash a prepayment fee of 5% of the amount which the Borrower prepays in cash before the Maturity Date. The Lender can during the 14 days' notice period make an election for all or part of the Loan subject to a prepayment notice to be repaid in Shares in which case the 5% fee shall not apply to that proportion of the Loan repaid in Shares.

Conversion of Loan Tranche by Lender

The Lender may at any time during the Facility Period elect to convert all or part of any drawn down amount into such number of new African Pioneer Plc no par Ordinary Shares ("**Shares**") equal to the amount of the Loan Tranche that is to be repaid at the date of the election, divided by the 2.8 pence ("**Conversion Price**") (the "**Conversion Shares**"). The Conversion Price is at a premium of 40% to the closing share price of 2 pence per ordinary share on 1 May 2024, being the latest practicable date prior to this announcement.

Conversion of Loan by the Borrower

The Company may at any time during the Loan Period elect to convert all or part of Loan Tranche One to Loan Tranche Four if the share price exceeds 3.6 pence ("**Target Conversion Price**") for a period of five or more business days (5p for the Optional Loan Tranche).

Conversion Adjustment

If the Company before i) the Maturity Date for a Loan Tranche and before ii) the Loan Tranche has been repaid issues Shares for cash consideration ("**Issue Price**") at a discount to 2.2 pence per Share (the "**Base Issue Price**") then the Conversion Price and the Target Conversion Price in respect of that Loan Tranche shall be multiplied by a fraction, the numerator of which will be the Issue Price and the denominator of which will be 2.2 pence.

Interest and Fees

The Loan is interest free. The Lender shall be paid an arrangement fee of 10% of the amount of the Facility to be settled by the issue of 5,089,177 new Shares ("**Facility Fee Shares**") credited as fully paid by at an issue price of 1.965 p per Share (being the Five Day VWAP of on the date of this announcement) with the Facility Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties.

On the drawdown of any Loan Tranche the Lender shall be paid a further fee of 2% of the amount of the relevant Loan Tranche which is to be settled by the issue of new Shares credited as fully paid at the five-day VWAP on the date of the relevant Loan drawdown notice ("**Drawdown Fee Shares**") with the Drawdown Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties.

Option to Extend Facility

If the Company draws down in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four then it has the option to elect (the "**Optional Loan Tranche Election**") to be able to drawdown up to an additional £500,000 ("**Optional Loan Tranche**") during the Optional Loan Tranche Drawdown Period being within six months of two months after the Loan Tranche Four Drawdown Date. The Optional Drawdown Tranche Election must be made in writing within 30 days of the date the Borrower has made a drawdown in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four and is convertible at 4p per ordinary share.

Shareholding restriction

In the event that conversion of all or part of a Loan Tranche into Conversion Shares would result in the Lender, its associates and any person(s) acting in concert with the Lender owning more than 20% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (the "**Shareholding Limit**") then:

- The Company must convert any portion of the Loan and issue such number of Conversion Shares to the Lender that would not constitute a breach of the Shareholding Limit; and
- in respect of the portion of the Loan repayment not converted (the “**Unconverted Portion**”), the Borrower must pay the Lender the Unconverted Portion in cash on or before the Maturity Date.

Share Issue Limit

Under the Prospectus Regulation Rules, the Company would be required to publish a prospectus if the shares admitted and to be admitted to trading over a period of 12 months represented more than 20% of the number of shares already admitted to trading. Accordingly, if the Lender is due to be issued Conversion Shares that would exceed the exempt 20% limit, then in respect of the portion of a loan repayment not converted (the “**Unconverted Loan Portion**”) the Company must at the Lender’s option either;

- pay the Lender the Unconverted Loan Portion in cash plus a cash repayment fee of 5% of the value of the Unconverted Loan Portion; or
- defer until a date on or before the Maturity Date the issue of the loan conversion shares (the “**Deferred Loan Conversion Shares**”) and pay the Lender a cash repayment fee of 3% of the value of the Unconverted Loan Portion. If the Deferred Loan Conversion Shares cannot be issued on or before the Maturity Date then the Lender can elect to extend in three month periods the issue date of the Deferred Loan Conversion Shares in which event the Borrower will have to pay an additional cash repayment fee of 3% for each three month period.

No short selling

The Lender has confirmed that neither the Lender nor its associates will short sell the Company’s Shares from the date of the Facility agreement until the later of:

- six months from Loan Tranche Four drawdown date; and
- the repayment of the Loan.

Warrants

On the drawdown of any Loan Tranche, the Lender shall be issued three year warrants over Shares with a face value at the warrant exercise price equal to 50% of the amount drawn down under the Loan Tranche. The exercise price for the warrants applicable to each of the tranches are as follows:

- 4 pence per share for the drawdown of Loan Tranche One to Loan Tranche Four; and
- 5.7 pence per share for the drawdown of the Optional Loan Tranche;

If there are no drawdowns under two or more of the Loan Tranches then at 30 April 2025 which is 6 months after the Loan Tranche Four Drawdown Date of 31 October 2024 the Company will issue a three year warrant to the Lender for an amount equal to 25% of the Working Capital Facility Amount that has not been drawn down with an exercise price of 3.5 pence per ordinary share.

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

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