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African Pioneer PLC
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African Pioneer Plc

("African Pioneer" or "the Company")

Revised arrangements for exploration and potential Sale of Kalahari Copper Belt Licences

African Pioneer plc ("APP" or the "Company") announces that, in place of the existing arrangements, it has on 2 October 2021 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 and a 24 months exploration expenditure commitment of US\$1,000,000 (the "Option Agreement"). The Company has entered into the Option Agreement to allow an acceleration of exploration activities on the 4 Kalahari Copper Belt prospecting licences the subject of the Option Agreement (the "Included Licences") funded by Sandfire. Funds received will also allow the Company to accelerate exploration activities on the Company's 4 other prospecting licences in Botswana and its projects in Namibia and Zambia.

Highlights of Option Agreement:

Option Agreement Payments to APP: Sandfire will on 8 October 2021:

- 1) pay to the Group US\$500K in cash in relation to the cash component of the option fee for the right to acquire the Included Licences; and
- 2) issue 107,272 Sandfire ordinary shares ("Sandfire Shares") to the Company with a current market value A\$565K (approx. US\$407K) based on the closing Sandfire share price of A\$5.27 per Sandfire share on 1 October 2021 (being the last trading date before the date of this announcement) to settle the share component of the option fee and a guarantee fee due to the Company. The Sandfire Shares do not have any trading restrictions.

Exercise and Option Period: The option can then be exercised within 2 years of the Option Agreement (the "Option Period") to acquire the Included Licences for US\$1. Sandfire has the right to extend the Option Period by 1 year by the payment of a US\$500,000 option extension fee.

Exploration Commitment: Sandfire to fund US\$1 million of exploration expenditure by the Company on the Included Licences (the "Exploration Commitment") within the Option Period and if the US\$1 million is not spent, any shortfall will be paid to African Pioneer. Sandfire can withdraw from the Option Agreement at any time after meeting the Exploration Commitment.

A Success Payment: a one-off success payment to be paid to the Company for the first ore reserve reported under JORC Code 2012 edition on the Included Licences which exceeds 200,000 tonnes of contained copper (the "First Ore Reserve") in the range of US\$10 million to US\$80 million depending on the amount of contained copper in the First Ore Reserve (the "Success Payment").

Termination of Conditional Licence Sale Agreement: As a result of entering into the Option Agreement the parties have terminated the Conditional Licence Sale Agreement dated 12 March 2021 under which Sandfire was due to acquire all 8 of the Company's 8 Botswana prospecting licences for a cash payment of

US\$500,000 and the issue of 107,272 Sandfire shares to the Company (the "Conditional Licence Sale Agreement").

Colin Bird Chairman & CEO commented:

"This Option Agreement with Sandfire allows an acceleration of exploration activities on the 4 prospecting licences the subject of the Option Agreement and provides the Company with US\$500,000 to invest in its remaining 4 prospecting licences in Botswana and its projects in Namibia and Zambia.

We are pleased to be working with our 15% shareholder Sandfire Resources, who is a successful Australian copper and gold producing company with a large copper silver mine development programme in Botswana where it has recently been awarded a mining licence and who has recently announced the US\$1.8 billion acquisition of the MATSA copper mine in Spain. The transaction allows Sandfire to fund the exploration of the Included Licences, which are in close proximity to their major mine build, and also allows the Company to carry out exploration on its 4 other Botswana Prospecting Licences."

Further Information on Assets the subject of the Option Agreement

The Company acquired its Botswanan Projects comprising 8 prospecting licences for £350,000 by acquiring Resources Capital Partner Pty Ltd on 1 June 2021. Although unexplored, these licences are located in a highly prospective area for copper projects and it was the Company's original intention to conduct an initial 18 month exploration work programme to assess the prospectively of the Botswanan Projects and assess the best way of developing them and had earmarked US\$176,000 in the Group's 18 month budget for this purpose. The Option Agreement provides for Sandfire to fund US\$1,000,000 of exploration expenditure within 24 months on the Included Licences which are the subject of the Option Agreement which will significantly accelerate and increase the exploration work undertaken on the Botswanan Projects.

Included Licences the subject of the Option Agreement Retained Licences not the subject

	of the Option Agreement
PL 100/2020	PL 096/2020
PL 101/2020	PL 097/2020
PL 102/2020	PL 098/2020
PL 103/2020	PL 099/2020

Use of Option Payments: The payments from Sandfire under the Option Agreement will allow the Group to concentrate its increased financial resources and its management capabilities on its remaining two projects in Namibia and Zambia and the 4 Botswana prospecting licences that are not the subject of the Option Agreement.

Summary of Option Agreement:

Parties	On the one part the Company and its wholly owned subsidiary Resources Capital Partners (Pty) Ltd and on the other part Sandfire Resources Ltd and its wholly owned subsidiary Tshukudu Metals Botswana (Pty) Ltd.
Option Payments	The payments due under the option are i) the fee for the option over the Included Licences comprising US\$500K payable in cash and the issue of 53,635 Sandfire shares (the "Option Fee") and ii) the issue of 53,636 Sandfire Shares as a guarantee fee to the

Company (the "Guarantee Fee") both to be settled on 8 October 2021. The Sandfire shares are not subject to any sale restrictions.

Exploration Commitment Sandfire, through its 100% owned Botswana subsidiary Tshukudu Metals Botswana (Pty) Ltd, to fund US\$1 million on exploration activities to be undertaken by an independent geological manager on advice from the technical committee within the Option Period, with a minimum of 60% on drilling and assay costs on the Included Licences.

If Sandfire fails to meet the Exploration Commitment within the Option Period, it will pay any remaining shortfall amount of the Exploration Commitment to the Company at the expiry of the Option Period.

Technical Committee During the Option Period there will be a technical committee with two representatives from Sandfire and two from the Company to provide advice on the exploration of the Included Licences and collaboratively review technical data at quarterly technical meetings, or more frequently as decided by the technical committee. This will provide the Company with the benefit of Sandfire's participation in the exploration strategy for the Included Licences. Sandfire is very experienced in the Kalahari Copper Belt where it has two projects: i) the T3 (Motheo) Copper-Silver Project, which announced a Definitive Feasibility Study (DFS) in December 2020 on an initial Base Case 3.2Mtpa processing capacity and open pit development of the T3 Deposit; and ii) the A4 discovery, for which Sandfire has announced a maiden Inferred Mineral Resource containing 100,000 tonnes of copper at an average grade of 1.5% Cu.

Option Period 2 years which Sandfire has the right to extend by 1 year by the payment of a US\$500,000 option extension fee in cash.

Withdrawal Sandfire can withdraw from the Option Agreement by giving 30 days notice at any time after meeting the Exploration Commitment.

Purchase Price The purchase price following exercise of the Option is US\$1 with settlement being conditional on the Conditions Precedent being met by the Condition Satisfaction Date.

Success Payment The Success Payment is only triggered if the First Ore Reserve is > 200,000 tonnes of contained copper. Given the Included Licences have had limited exploration to date, if an Ore Reserve is determined this may take several years and there is no certainty that an Ore Reserve would be established or that any such reserve would exceed 200,000 tonnes of contained copper. The one-off Success Payment will be calculated in accordance with the table below.

Contained copper (Cu) in first Ore Reserve Success Payment (USD)

Between the following:	payable
>200Kt Cu and <400Kt Cu	\$10,000,000
>400Kt Cu and <600Kt Cu	\$20,000,000
>600Kt Cu and <750Kt Cu	\$40,000,000
>750Kt Cu	\$80,000,000

The Success Payment is due to be paid in cash within 30 days from the date Sandfire announces an Ore Reserve which triggers the payment of the Success Payment (the "Success Payment Completion Date").

First Ore Reserve Means the first ore reserve defined on the Licences, which is compliant with the Australasian Code for Reporting of Ore Reserves (JORC Code, 2012 edition) and results in a declared ore reserve for a single Deposit containing at least 200,000 tonnes of contained copper.

Conditions Precedent After exercise of the Option, settlement is conditional upon:

1. ministerial consent for the transfer of the Included Licences by the Botswana Minister of the Ministry of Mineral Resources, Green Technology and Energy Security ("Ministerial Consent");
2. all ASX regulatory approvals;
3. duly executed transfers of the Included Licences in the form required by the Mining Act or the Botswana Department of Mines under which a 100% interest in the Included Licences may be transferred.

Condition 60 business days after the Option is exercised

Satisfaction Date

Included Licences PL 100/2020

PL 101/2020

PL 102/2020

PL 103/2020

Included Licences If Sandfire wishes to transfer or sell part of or one or more of the Included Licences other than to a related body corporate then the Company has a right of first refusal to buy the Included Licence (s) on the terms set out in the Included Licence Right of First Refusal offer which has to be exercised by the Company within 30 days.

Governing Law The agreement is governed by and construed under the law in the State of Western Australia.

Disputes Where a dispute occurs in relation to the First Ore Reserve or any other matter the Company and Sandfire shall within 21 days each nominate one person (a "Nominated Representative") to represent them to resolve the dispute and the Nominated Representative shall be empowered by their own Board to negotiate terms of a settlement of the dispute which shall be binding on all the parties. If after 30 days of their appointment the Nominated Representatives have been unable to reach an agreement then in relation to a dispute in respect of the First Ore Reserve it shall be referred to an expert and a dispute in respect of any matter other than the First Ore Reserve the parties are free to direct it to an expert or take legal or any other action to resolve the matter.

Representations & Warranties The parties have given customary representations and warranties for an agreement of this nature.

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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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