

# **AFRICAN PIONEER PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Company no 008591V)

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## COMPANY INFORMATION

<b>DIRECTORS</b> C Bird (Chairman) R Samtani (Finance Director) C Cordier (Business Development Director) K Thygesen (Independent Non-Executive Director) J Cunningham-Davis (Non-Executive Director)	<b>BANKERS</b> Cayman National Cayman National House 4-8 Hope Street Douglas, Isle of Man IM1 1AQ  Standard Bank Standard Bank House One Circular Road Douglas, Isle of Man IM1 1SB
<b>SECRETARY</b> Cavendish Secretaries Limited	<b>SOLICITORS (Isle of Man law)</b> Simcocks LLP Ridgeway House, Ridgeway Street, Douglas, Isle of Man IM99 1PY
<b>REGISTERED OFFICE</b> 34 North Quay Douglas Isle of Man IM1 4LB	<b>SOLICITORS (English law)</b> Collyer Bristow LLP 140 Brompton Road, Knightsbridge, London SW3 1HY, England
<b>FINANCIAL ADVISER</b> Beaumont Cornish Limited Building 3, 566 Chiswick High Road, London W4 5YE, England	<b>REGISTERED AGENT</b> Cavendish Trust Company Limited 34 North Quay Douglas, Isle of Man IM1 4LB
<b>REGISTERED NUMBER</b> 008591V	<b>AUDITORS</b> Shipleys LLP 10 Orange Street London WC2H 7DQ

## KEY HIGHLIGHTS

- Consolidated total assets – £ 6,148,119 (2020 – £ 186,987)
- Consolidated Profit/(Loss) - Profit – £ 395,693 (2020 - Loss – (£90,156))
- Raised gross proceeds of £1,750,000 at listing
- 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 made very positive start as a listed entity and we are pleased with the progress made with the Company's African copper and gold assets.

The Company's 85% owned Ongombo project in Namibia has benefited from a resource upgrade during the period under review and a mining licence application has been submitted for this project to the ministry of mines and energy in Namibia. A drilling programme is currently underway aimed at testing our prognosis that close to surface mineralisation exists at Ongombo. I am pleased to report that thedrill programme is progressing well and that several drill holes within 10m of surface have intersected strong visual mineralisation. The drill programme is on-going and we are eagerly awaiting assay results for both copper and gold. We are optimistic that we will have continued success with the drilling and that we will be able to potentially increase strike and identify an open pit production project with 2-3 year mine-life at Ongombo.

In Zambia, our North-western licences, are subject to an option agreement with First Quantum Minerals Corp. ("First Quantum"), who are one of the largest copper producers in the world and have a strong presence in Zambia. First Quantum have a world class copper producing project (Sentinel Mine) some 80 kilometres away from our licence area and have excellent knowledge of the area as well as many years of experience as mine operators in North Western Zambia where our exploration licences are located. The geology in these licences appears to resemble the geology usually encountered in the Democratic Republic of Congo rather than what would be traditionally expected in the Copperbelt, and consequently the possibility of associated cobalt credits is potentially high. First Quantum has carried out significant field work and we anticipate that they will commence drilling in the third quarter of this year. We are very excited for the potential for our Zambian licences and we are confident that our partner, First Quantum, will do their best endeavours to fast-track the exploration programme.

We are indeed fortunate that Sandfire Resources Limited ("Sandfire") subscribed for a 15% equity stake in African Pioneer Plc when the Company listed on 1 June 2021. During the year, we entered into a two-year option agreement with Sandfire in relation to 4 of our 8 Botswana prospecting licences for a cash payment of US\$500,000 and the issue of 107,272 Sandfire shares and plus a 24 months exploration expenditure commitment from Sandfire of US\$1 Million on the optioned licences.

The Option Agreement with Sandfire has allowed us to accelerate exploration activities on the 4 Kalahari Copper Belt prospecting licences that are subject of this Agreement whilst preserving the Company's cash reserves. The funds received as part of the Option Agreement has allowed us to accelerate exploration activities on the Company's 4 other prospecting licences in Botswana and the projects in Namibia and Zambia.

## CHAIRMAN'S STATEMENT (Continued)

We have several other prospecting licences which we intend to explore ourselves and plans have been made for drilling to commence on some of these prospects during the second half of this year.

The Company's assets are very well placed in Southern Africa and we are of the opinion that both Botswana and Namibia are sources of tomorrow's copper production. Furthermore, all our exploration projects have significant by-product potential, being cobalt in Zambia, silver in Botswana and gold in Namibia.

The global outlook for copper is probably at its most favourable for many years and there is a dearth of new projects to meet the anticipated demand. The shortage is exacerbated by the projects that are on the drawing board which are generally very large and have a development period of more than 10 years and a huge capital requirement, often in the billions of dollars, which is a challenge even for the major mining companies.

At time of writing this report, the world is challenged by war, famine, inflation, pandemics and is probably in the worst position it has been in for many years. Despite the gloom, most commodities are priced at the higher end of the spectrum, suggesting that the economic outlook will improve going forward, and the commodity producers will again be dominant in the foreseeable future. Inflationary times are always positive for commodity prices and as such we can expect that current metal prices will be resilient and will possibly increase over the coming years.

In our opinion, African Pioneer is very well positioned, with projects located in the right part of the world and in the right commodities and should provide our shareholders with the potential to achieve good returns on investment. I would like to thank my fellow directors and management for their efforts in this post listing phase and look forward to advancing all our projects and releasing the value that they undoubtedly contain.



**Colin Bird, Chairman**

**African Pioneer Plc**

**30 June 2022**

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### **Colin Bird** - Executive Chairman

Colin Bird is a chartered 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. The formative part of his career was spent with the National Coal Board in England where he was assistant underground manager. He moved to the Zambian Copper Belt in 1970 as an assistant underground manager before joining Anglo America Coal Division in 1974 as section manager. He then moved to Botswana in 1979 to be mine manager of the BCL Nickel Copper Mine, a joint venture between Anglo American Corporation, Amax and the Botswana Government. On his return to the UK, he worked with Hampton Gold Mine areas as a director of their coal mines in Scotland before joining Costain Mining Ltd as technical director in 1987 and thereafter Plateau Mining Plc as managing director in 1989. In 1993 he was appointed operations and technical manager for Petromin, Saudi Arabia, of their gold mining activities with responsibility for an underground mine producing 175,000oz of gold and three gold mines in various stages of feasibility study and development. In October 1995 he joined Lion Mining Finance Ltd in London as technical manager and is now managing director and majority shareholder of that company. Colin Bird founded and floated Jubilee Metals Group Plc. He is Chairman and CEO of Galileo Resources Plc and Chairman to Xtract Resources Plc. Colin serves on the board of directors of Tiger Royalties and Investments Plc as Chairman, an AIM listed Investment Company and shareholder in the Company. He is also a member of the board of the TSX listed exploration company, Revelo Resources Corp, formerly known as Polar Star Mining Corp, where he served as CEO for a period as well. Mr Bird serves as Executive Chairman of Bezzant Resources Plc and Kendrick Resources Plc. He founded and floated Kiwara Plc which discovered copper in northwest Zambia. The company was sold for US\$260 million to First Quantum Corp. within 30 months of formation.

### **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 1 12.1. a 40 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.

**BOARD OF DIRECTORS AND SENIOR MANAGEMENT (Continued)**

**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 2021.**

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 Limited and also the more recent the option agreement with First Quantum Corp 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 396k profit after tax (2020: £(90)k - loss)
- Approximately £1.19M cash at bank at the period end (2020: £88K).
- The basic and diluted profit (losses) per share are summarised in the table below

	Profit (Loss) per share (pence)
Basic	Note 6 0.34p (0.77)p
Diluted	Note 6 0.29p (0.77)p

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- Net asset value as at 31 December 2021 was £6.06m (31 December 2020 £87,114)

#### Fundraisings:

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

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

The funds raised on Admission provided the Group with sufficient money to undertake the exploration and assessment of the Company's licences in Namibia and Zambia and also in Botswana. Details of these work programmes are set out in the Company's Prospectus dated 26 May 2021. As noted below, the funds received by the Company under the Option Agreement with Sandfire for the Botswanan licences are also available for the development of the Namibian and Zambian Projects and the Botswanan licences retained by African Pioneer Plc and/or further acquisitions as and when any may be identified.

**FINANCIAL CORPORATE AND OPERATIONAL REVIEW (Continued)****CORPORATE REVIEW**

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

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

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

- 1) 100% of Zamcu Exploration Pty Ltd (“**Zamcu**”), for £521,500 which was settled by the issue of 10M Ordinary Shares at 3.5 pence per Share and a further 4.9M Ordinary Shares at 3.5 pence per Share at Listing and in turn, Zamcu financed via a loan from APP paid a cash sum of £149,149 plus £166,000 settled through for the issue of 4,742,857 Ordinary Shares in APP at 3.5 pence per share acquired a 70 per cent. interest in Manmar Investments 129 (Pty) Ltd and Manmar Investments 136 (Pty) Ltd incorporating two Namibia Exclusive Prospecting Licenses (“**EPLs**”) located within the Matchless amphibolite Belt of central Namibia (the “**Namibian Projects**”);
- 2) 80% of African Pioneer Zambia Limited (“**APZ**”), for £1,925,000 which was settled by the issue of Ordinary Shares at 3.5 pence per share at Listing. APZ holds a 100 per cent. interest in five Zambian Prospecting Licenses (**PLs**) located in two areas namely the Central Africa Copperbelt (Copperbelt), which comprises four PLs and the Zambezi area which comprises one PL (the “**Zambian Projects**”); and
- 3) 100% of Resource Capital Partners Pty Ltd (“**RCP**”), for £350,000 which was settled by the issue of Ordinary Shares at 3.5 pence per Share at Listing. RCP which holds a 100 per cent. interest in eight Botswana Prospecting Licenses (“**PLs**”) located in two areas namely (1) the Kalahari Copperbelt (KC), which comprises six PLs and (2) the Limpopo Mobile Belt (Limpopo), which comprises two PLs (the “**Botswanan Projects**”) (together the “**Projects**”) (the “**Subsidiaries**”) (together the “**Group**”).

**Post Listing Agreements:**

- 1) On 27 August 2021, Zamcu acquired a further 15% interest in Manmar Investments 129 (Pty) Ltd and Manmar Investments 136 (Pty) Ltd for a total consideration of AUS\$528,000 in cash and the issue of 2,248,295 Ordinary Shares in APP.
- 2) 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 Corp. (“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**”).

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

**FINANCIAL CORPORATE AND OPERATIONAL REVIEW (Continued)****Revised arrangements for exploration and potential Sale of Kalahari Copper Belt Licences**

On 2 October 2021, in place of the existing arrangements, APP 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 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.

**Highlights of Option Agreement:**

Pursuant to the Option Agreement on 8 October 2021 Sandfire made the following payments to African Pioneer:

- 1) US\$500K was paid to the Group in cash in relation to the cash component of the option fee for the right to acquire the Included Licences; and
- 2) 107,272 Sandfire Ordinary shares ("Sandfire Shares") were issued to the Company with a 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 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 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").

**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 an highly prospective area for copper projects and it was the Company's original intention to conduct an initial 18 month exploration work programme to assess the prospectively of the Botswanan Projects and assess the best way of developing them 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.

**FINANCIAL CORPORATE AND OPERATIONAL REVIEW (Continued)**

<u>Included Licences the subject of the Option Agreement</u>	<u>Retained Licences not the subject of the Option Agreement</u>
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.

**OPERATIONAL REVIEW**

The period under review has been transformative for the Company in that 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 more details of which are provided in the Corporate Highlights section of this review.

From the IPO the Group has been engaged in the advancement of its natural resources exploration projects in Sub-Saharan Africa.

**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:**

On 27 August 2021, the Group acquired a further 15% interest in its Ongombo Project and Ongeama Project in Namibia (the "Namibian Projects") increasing its interest in the Namibian Projects to 85%. On 20 December 2021 the Company 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.

- **Positive Scoping Study Conclusions:** The base case of the Scoping Study by Mine design specialists, Practara Consulting, generated a post-tax NPV of US\$39 million using a 10% discount rate and an IRR of 27.7%, with payback from first production estimated to be 2.4 years. Practara considers that the economic study for Ongombo meets the "Criteria for Reasonable Prospects for Eventual Economic Extraction".
- **Mining Licence submitted:** A Mining Licence application has been submitted to the Ministry of Mines and Energy of Namibia. Follow-up detailed mine layout and mine scheduling review is being undertaken by external consultants Practara Consulting and Nurizon Consulting Engineers with emphasis on assessing the initial Life of Mine and the development of the Central Shoot
- **Metallurgical test work:** Metallurgical test work has commenced on historic samples and new samples will be taken as part of the planned drill programme

- **Environmental and Social Impact Assessment (ESIA):** More detailed ESIA studies completed and we have commenced community consultation.

On 24 May 2022, a shallow diamond drilling programme commenced on the Ongombo Project, Namibia.

**Highlights of the programme are as follows:**

- 25 to 30-hole shallow diamond drill programme has commenced on the Ongombo Project
- 6 holes completed to date with all holes intersecting encouraging sulphide mineralisation with chalcopyrite at shallow depths
- Visual estimates of chalcopyrite content in the mineralised zones indicate notable quantities of copper sulphide to date
- Drill programme designed to test near-surface oxide and sulphide copper-gold mineralisation
- Work also underway to resample historic drill core to test for elevated gold values in and around copper mineralisation

**Ongombo Project Near-surface Drill Programme**

Six holes have been completed to date. Assessment of the potential of the mineralised zone at this stage in the evaluation process is based on visual estimates of copper sulphide content, occurring as chalcopyrite and relies on the experience of the geologist managing the drilling programme and logging core to assess the proportion of visible chalcopyrite relative to pyrite and other minerals making up the mineralised horizon.

Visual estimates of copper content do not reflect the expected assay grade of the mineralised horizon but do indicate the extent of chalcopyrite mineralisation.

**Table 1: Mineralised Widths of First Six Drillholes Completed on Near-Surface Drill Programme on the Ongombo Project**

Hole ID	From (m)	To (m)	Mineralised* Width (m)	End Of Hole (m)
<b>APD001</b>	<b>11.81</b>	<b>14.81</b>	<b>3.0</b>	<b>17.45</b>
<b>APD002</b>	<b>21.27</b>	<b>22.27</b>	<b>1.0</b>	<b>29.78</b>
<b>APD003</b>	<b>7.30</b>	<b>11.86</b>	<b>4.56</b>	<b>17.86</b>
<b>APD004</b>	<b>20.59</b>	<b>21.50</b>	<b>0.91</b>	<b>26.83</b>
<b>APD005</b>	<b>11.4</b>	<b>13.05</b>	<b>1.65</b>	<b>17.81</b>
<b>APD006</b>	<b>36.5</b>	<b>38.1</b>	<b>1.60</b>	<b>56.99</b>

The gossanous outcrop at Ongombo has been assumed to be the surface expression of the mineralisation drilled at depth to generate the current Ongombo Mineral Resource Estimate. African Pioneer has projected this same mineralisation to extend to surface through to the gossan outcrop. It has been assumed that previous exploration drilling ignored the near-surface potential on the basis that copper oxide mineralisation, at the time that Gold Fields Namibia Limited was exploring, was not

## FINANCIAL CORPORATE AND OPERATIONAL REVIEW (Continued)

conducive to good metal recover. Today however, flotation processing has the capacity to recover economic quantities of oxide and sulphide copper in parallel in the same flotation processing plant making any shallow mineralisation a valid target for development. African Pioneer will test the shallow mineralisation potential over a strike length of approximately 1 kilometre and down dip of the gossan outcrop to the point where historic drilling occurs.

### Assessment of Gold Grades in Historic Drill Core

Approximately 80 drillholes have been found that were completed by previous explorers including Gold Fields Namibia Limited. The Company intends to resample the drill core in and around the mineralised horizon in each case in order to assess the distribution of gold attributable to the existing Mineral Resource Estimate.

Historically limited gold assaying was undertaken, so only low-grade gold values have been reported as any grade less than 1g/t Au was considered insignificant, particularly when exploration was being undertaken by South African companies more used to significantly higher gold grades on their deep level gold mines and as a consequence, only. At the current gold price, and in conjunction with known copper grades, there is scope for an important by-product addition of gold in the Mineral Resource. A greater density of gold assay data covering the existing Mineral Resource generated by resampling of available core has the scope to add to the value of each tonne of ore defined to date.

### ZAMBIA:

Post year-end, On 19 January 2022 the Company's 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 FM.TO) in relation to 4 of the 5 Zambian exploration licences held by African Pioneer Zambia (the "Option Agreement").

#### Highlights of the 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 US\$500,000 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

**FINANCIAL CORPORATE AND OPERATIONAL REVIEW (Continued)**

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%.

**BOTSWANA:**

On 4 October 2021 the Company announced that in place of the existing arrangements, it had 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 (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 “**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.

**OUTLOOK**

**Outlook for Copper:** Although the price of copper has corrected slightly in the period post year-end as a result of higher interest rates recently implemented by western governments and due to the ongoing geopolitical tensions, forecasts for the price of copper and its by-product metals remain positive. The outlook for copper supply is quite bleak and we are likely to see more smaller mines being developed since most large copper mining projects have been shelved as a result of political or economic reasons. 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 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. We have already entered into an agreement with Sandfire in relation to the Botswana 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 an equity position in the Company. We look forward to advancing all our projects in the second half and providing our shareholders with the prospects of enhanced value flowing into next year.

By Order of the Board

30 June 2022

## **DIRECTORS' REPORT**

The directors present their report on the affairs of African Pioneer Plc (the “Company”) for the year ended 31 December 2021. 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 profit of £395,693 - 2020: loss of £ (90,156).

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 17 to 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 (appointed 1 June 2021)  
 K Thygesen (appointed 1 June 2021)  
 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 17 to 19

### **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 31 December 2021. These holdings are extracted as they appear in the relevant custodian account in the Company's share register.

<b>Party Name</b>	<b>Number of ordinary shares</b>	<b>% of share capital</b>
The Bank of New York (Nominees) Limited*	<b>41,732,143</b>	21.77
Sandfire Resources Limited	<b>28,418,932</b>	14.82
HSBC Global Custody Nominee (UK) Limited*	<b>22,014,641</b>	11.48
JIM Nominees Limited*	<b>21,272,474</b>	11.09
Mohamad Ahmad	<b>15,000,000</b>	7.82
ISI Nominees Limited*	<b>9,285,714</b>	4.84
Wilhelm Shali	<b>7,124,675</b>	3.72

\*Nominee shareholder; not beneficial owner.

**ENERGY CONSUMPTION**

The Company consumed less than 40MWh during the period and as such is a Low Energy User 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 was below this threshold in 2020.

**POLITICAL DONATIONS**

The Group made no political donations during the year (2020: none).

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

The Directors (being Colin Bird, Raju Samtani, Christian Cordier, Kjeld Thygesen and James Cunningham-Davis, 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.

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

## **DIRECTORS REPORT (continued)**

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:

30 June 2022



Colin Bird  
Non-Executive Chairman



Raju Samtani  
Director

## DIRECTORS' REMUNERATION REPORT

AFRICAN PIONEER PLC

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 2021.

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.

The Board intends to adopt a share option scheme which to incentivise both Executive and non-Executive Directors as well as individuals holding positions of responsibility in the Company.

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;
- **Risk** - remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural 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 REPORT (Continued)****Directors' remuneration**

Remuneration of the Directors for the years ended 31 December 2021 and 2020 was as follows:

	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>Directors' Fees</b> <b>£</b>	<b>Consulting Fees</b> <b>£</b>	<b>Total Emoluments</b> <b>£</b>	<b>Total Emoluments</b> <b>£</b>
C. Bird	10,500	24,500	<b>35,000</b>	-
R. Samtani	10,500	18,669	<b>29,169</b>	-
C Cordier	10,500	6,000	<b>16,500</b>	-
K Thygesen	10,500	-	<b>10,500</b>	-
James Cunningham-Davis	9,300	-	<b>9,300</b>	<b>3,600</b>
<b>Total</b>	<b>51,300</b>	<b>49,169</b>	<b>100,469</b>	<b>3,600</b>

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 2021 or 2020.

**Payments to past directors**

The Company has not paid any compensation to past Directors.

**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

	<b>31 December 2021</b>	<b>31 December 2020</b>
C Bird*	<b>21,061,728</b>	1,061,728
R Samtani	<b>16,061,728</b>	1,061,728
J Cunningham-Davis***	-	-
C Cordier**	<b>15,000,000</b>	-
K Thygesen	<b>200,000</b>	-

\* 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

**DIRECTORS' REMUNERATION REPORT (Continued)**

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

There have been no further changes in directors' interests since the year end.

**Other matters**

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

Approved by the Board on 30 June 2021.

## 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 0.14 per cent. of the Enlarged Share Capital on Admission but 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 two 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.

## 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 2021 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

#### 2021

	<u>Meetings whilst in office</u>		<u>No. of meetings attended</u>	
	<u>Board</u>	<u>Audit</u>	<u>Board</u>	<u>Audit</u>
C. Bird	3	-	3	-
R. Samtani	3	-	3	-
J. Cunningham-Davis	3	1	3	1
K Thygesen *	2	-	2	-
C. Cordier *	2	1	2	1

- Appointed 26 May 2021

### 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 as such the Company does not discriminate on aspects such as age, gender or educational and professional background.

The Company's employees comprising of the 5 Board Directors are all male.

## GOVERNANCE REPORT (Continued)

### 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.

“ 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.

### 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.

## GOVERNANCE REPORT (Continued)

### 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

## STRATEGIC REPORT

The Directors present their strategic report on the group for the year ended 31 December 2021.

### 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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least, but not limited, 12 months from the date of approval of the financial statements. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements

### 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 7 to 13.

On 1 June 2022 the Company completed the placing of 50,000,000 new Ordinary Shares and raised gross proceeds of £1,750,000.

#### Financial highlights:

- £395k consolidated profit after tax (2020: £(90)k - loss)
- Approximately £1.19M cash at bank at the year-end (2020: £88k).
- The basic and diluted losses per share are summarised in the table below

Profit/(Loss) per share

(pence)

Basic	Note 6	0.34p	(0.77)p
Diluted	Note 6	0.29p	(0.77)p

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- The net asset value of the Group at as at 31 December 2021 was £6.1M (31 December 2020 - £87K)

**STRATEGIC REPORT (continued)****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 £502,456 and had a cash balance of £1,190,979. 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 2021**

	Number 31/12/21	Cost 31/12/21	Valuation 31/12/21	Valuation 31/12/20
Jubilee Metals Group Plc	217,802	8,266	35,393	27,770
Galileo Resources Plc	2,500,000	50,000	24,500	41,250
Sandfire Resources Ltd	107,272	302,960	379,489	-
South 32 Limited	13,845	28,607	30,044	19,297
Xtract Resources Plc	606,060	20,217	33,030	10,788
<b>TOTAL FOR AFRICAN PIONEER PLC</b>		<b>410,050</b>	<b>502,456</b>	<b>99,105</b>

**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.

**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 implementing the strategy and modify the strategy as may be required based on developments and exploration results. Key elements of this process are the Group's monthly reporting and regular Board meetings.

**STRATEGIC REPORT (continued)****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 has established a comprehensive suite of health, safety, environmental and community policies which will underpin all future activities.

## STRATEGIC REPORT (continued)

### 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.

**STRATEGIC REPORT (continued)****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 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

## **STRATEGIC REPORT (continued)**

### **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.

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.

**STRATEGIC REPORT (continued)****OUTLOOK****Outlook for Copper:**

Although the price of copper has had a slight set-back in the period post the year-end as a result of higher interest rates implemented by western economies and also due to geopolitical tensions. However the future price forecast for copper and other base metals remains positive as is the forecast for the by-product metals. The outlook for copper supply is quite bleak and we are likely to see more smaller mines being developed since most large mining copper projects have been shelved for political or economic reasons. Thus, the Company is well positioned with all its projects, to take part in an acquisition boom or alternatively be a subject which attracts financing which might not have been available over the last few years..

The major mining companies are seeking new projects for acquisition and all our projects have fundamentals which could attract the attention of larger companies. The Group has already entered into an Option Agreement with Sandfire Resources Limited in relation to four of its Botswanan Projects and with First Quantum Corp. on 4 of its licences located in North Western Zambia.

The current inflationary pressures coupled with higher interest rates may slow down the global economy and stock markets, but these prevailing conditions are ideal for the smaller metal producer which has historically outperformed under these economic conditions.

The Board feels African Pioneer Plc has assembled an enviable portfolio of projects and we are pleased that Sandfire elected to take an equity position in the Company. We look forward to advancing all our projects in the months ahead and providing our shareholders with the prospects of enhanced value flowing into next year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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:

30 June 2022



Colin Bird  
Non-Executive Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN PIONEER PLC FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 2021 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 17, 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 2021 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**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.

<b>Key audit matters</b>	<b>Description of the risk</b>	<b>How the scope of our audit addressed the risk</b>
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. 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 £85,392. 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 1.4% of net assets.

Based on our professional judgement, we determined overall materiality for the Parent Company's financial statements as a whole to be £85,392. 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 1.6% of net assets.

We report to the Audit Committee all identified unadjusted errors in excess of £4,270. 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### 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:

- 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### 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;
- 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.



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

Date: 30 June 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2021

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
		£	£
<b>CONTINUING OPERATIONS</b>			
Income:			
Option fees received re licenses		<b>668,599</b>	-
Interest receivable		-	-
Dividend receivable		<b>691</b>	341
Realised (loss) on sale of investments		-	(81,707)
Unrealised gain on investments		<b>100,391</b>	138,231
Total Income		<b>769,681</b>	56,865
Administrative expenses			
Administrative expenses	4	(291,690)	(37,894)
Listing related costs		(79,925)	(63,045)
Mining licenses and rights		-	(41,323)
Total Administrative Expense		(371,615)	(142,262)
OPERATING PROFIT/(LOSS) FOR THE YEAR		<b>398,066</b>	(85,397)
Interest expense		(2,373)	(4,760)
Interest income		-	1
PROFIT/(LOSS) BEFORE TAX		<b>395,693</b>	(90,156)
Taxation	7	-	-
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>395,693</b>	(90,156)
<b>Other comprehensive income:</b>			
Other comprehensive income		-	-
Profit/(Loss) for the financial year		-	-
<b>Items that may be reclassified to profit or loss:</b>			
Foreign currency reserve movement		34,339	-
<b>Total comprehensive profit/(loss) for the financial year</b>		<b>430,032</b>	(90,156)
<b>Attributable to:</b>			
Owners of the Company		<b>430,031</b>	(90,156)
Non-controlling interest		-	-
		<b>430,031</b>	(90,156)
Basic loss per share	6	<b>0.34 p</b>	(0.77) p
Diluted loss per share	6	<b>0.29 p</b>	(0.77) p

All results are derived from continuing operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021	31 December 2020
		£	£
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	8	502,456	99,105
Exploration and evaluation assets	10	4,432,962	-
<b>Total Non-Current Assets</b>		<b>4,935,418</b>	99,105
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	21,722	420
Cash and cash equivalents		1,190,979	87,462
<b>Total Current Assets</b>		<b>1,212,701</b>	87,882
<b>TOTAL ASSETS</b>		<b>6,148,119</b>	186,987
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	(83,949)	(50,730)
<b>Total Current Liabilities</b>		<b>(83,949)</b>	(50,730)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>1,128,752</b>	37,152
<b>NON-CURRENT LIABILITIES</b>			
Loans	13(i)	-	(49,143)
<b>Total Non-Current Liabilities</b>		<b>-</b>	(49,143)
<b>TOTAL LIABILITIES</b>		<b>(83,949)</b>	(99,873)
<b>NET ASSETS</b>		<b>6,064,170</b>	87,114
<b>EQUITY</b>			
Share capital	14	5,490,271	452,983
Capital contribution	(13)(i)(ii)	-	186,446
Warrant reserve	15	8,834	-
Foreign exchange reserve		34,339	-
Retained earnings		(156,622)	(552,315)
Non controlling interest		5,376,822	87,114
<b>TOTAL EQUITY</b>		<b>6,064,170</b>	87,114

The notes on pages 45-67 are an integral part of these financial statements.

The financial statements of African Pioneer Plc (registered number 008591V) were approved by the board on 30 June 2022 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 2021**

	Share capital	Capital contribution	Retained earnings	Foreign exchange reserve	Warrant reserve	Non Controlling interest	Total equity
	£	£	£	£	£	£	£
<b>As at 1 January 2020</b>	<b>452,983</b>	<b>61,446</b>	<b>(462,159)</b>	-	-	-	<b>52,270</b>
Convertible loan notes issued	-	125,000	-	-	-	-	125,000
(Loss) for the year	-	-	(90,156)	-	-	-	(90,156)
<b>As at 31 December 2020</b>	<b>452,983</b>	<b>186,446</b>	<b>(552,315)</b>	-	-	-	<b>87,114</b>
<b>As at 1 January 2021</b>	<b>452,983</b>	<b>186,446</b>	<b>(552,315)</b>	-	-	-	<b>87,114</b>
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	-	-	395,693	34,339	-	-	430,032
Share based payment charge	(8,834)	-	-	-	8,834	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	687,348	687,348
<b>As at 31 December 2021</b>	<b>5,490,271</b>	-	<b>(156,622)</b>	<b>34,339</b>	<b>8,834</b>	<b>687,348</b>	<b>6,064,170</b>

The notes on pages 45-67 are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2021

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
		£	£
<b>CASH FLOW FROM OPERATIONS</b>			
Profit/(Loss) before taxation		<b>395,693</b>	(90,156)
Adjustments for:			
Interest received		-	(1)
Dividends received		<b>(691)</b>	(341)
Loss on disposal		-	81,707
Unrealised gain on investments	8	<b>(100,391)</b>	(138,231)
Interest expense		-	4,760
Operating (loss) before movements in working capital		<b>294,611</b>	(142,262)
Increase in receivables		<b>(21,302)</b>	-
Increase in payables		<b>33,219</b>	38,918
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>306,528</b>	(103,344)
 <b>TAXATION PAID</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received		-	1
Dividends received		<b>691</b>	341
Investments purchased		<b>(302,960)</b>	-
Investments sold		-	63,888
Purchases of Exploration and evaluation assets		<b>(303,206)</b>	-
Purchase of Exploration and Evaluation assets on Acquisition of subsidiaries		<b>(427,163)</b>	-
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<b>(1,032,638)</b>	64,230
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of convertible loan notes		-	125,000
Proceeds from Issue of shares, net of issue costs		<b>1,844,431</b>	-
Loan repayment		<b>(49,143)</b>	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>1,795,288</b>	125,000
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>1,069,178</b>	85,886
Effect of foreign exchange rate changes		<b>34,339</b>	-
<b>Cash and cash equivalents at the beginning of the period</b>		<b>87,462</b>	1,576
<b>Cash and cash equivalents at the end of the period</b>		<b>1,190,979</b>	87,462

The notes on pages 45-67 are an integral part of these financial statements.

**COMPANY STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2021

AFRICAN PIONEER PLC

	Notes	31 December 2021	31 December 2020
		£	£
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	8	502,456	99,105
Investment in subsidiaries	10	2,796,500	-
<b>Total Non-Current Assets</b>		<b>3,298,956</b>	99,105
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	898,541	420
Cash and cash equivalents		1,190,969	87,462
<b>Total Current Assets</b>		<b>2,089,510</b>	87,882
<b>TOTAL ASSETS</b>		<b>5,388,466</b>	186,987
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	(42,472)	(50,730)
<b>Total Current Liabilities</b>		<b>(42,472)</b>	(50,730)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>2,047,038</b>	37,152
<b>NON-CURRENT LIABILITIES</b>			
Loans	13(i)	-	(49,143)
<b>Total Non-Current Liabilities</b>		<b>-</b>	(49,143)
<b>TOTAL LIABILITIES</b>		<b>(42,472)</b>	(99,873)
<b>NET ASSETS</b>		<b>5,345,994</b>	87,114
<b>EQUITY</b>			
Share capital	14	5,490,271	452,983
Capital contribution	13(i)(ii)	-	186,446
Warrant reserve	15	8,834	-
Retained earnings		(153,111)	(552,315)
<b>TOTAL EQUITY</b>		<b>5,345,994</b>	87,114

The notes on pages 45-67 are an integral part of these financial statements.

The financial statements of African Pioneer Plc (registered number 008591V) were approved by the board on 30 June 2022 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 2021

	Share capital £	Capital contribution £	Retained earnings £	Warrant reserve £	Total equity £
<b>As at 1 January 2020</b>	<b>452,983</b>	<b>61,446</b>	<b>(462,159)</b>	<b>-</b>	<b>52,270</b>
Convertible loan notes issued	-	125,000	-	-	125,000
(Loss) for the year	-	-	(90,156)	-	(90,156)
<b>As at 31 December 2020</b>	<b>452,983</b>	<b>186,446</b>	<b>(552,315)</b>	<b>-</b>	<b>87,114</b>
<b>As at 1 January 2021</b>	<b>452,983</b>	<b>186,446</b>	<b>(552,315)</b>	<b>-</b>	<b>87,114</b>
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	-
Profit for the year	-	-	399,204		399,204
<b>As at 31 December 2021</b>	<b>5,490,271</b>	<b>-</b>	<b>(153,111)</b>	<b>8,834</b>	<b>5,345,994</b>

The notes on pages 45-67 are an integral part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2021

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
		£	£
<b>CASH FLOW FROM OPERATIONS</b>			
Profit/(Loss) before taxation		<b>399,204</b>	(90,156)
Adjustments for:			
Interest received		-	(1)
Dividends received		(691)	(341)
Loss on disposal		-	81,707
Unrealised (gain)/loss on investments	8	(100,391)	(138,231)
Interest expense		-	4,760
Operating (loss) before movements in working capital		<b>298,122</b>	(142,262)
Increase in receivables		(20,559)	-
Increase in payables		(8,258)	38,918
Increase in loans to subsidiaries		(230,173)	
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>39,132</b>	(103,344)
<b>TAXATION PAID</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received		-	1
Dividends received		691	341
Investments purchased	8	(302,960)	-
Investments sold		-	63,888
Acquisition of subsidiaries		(428,644)	-
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<b>(730,913)</b>	64,230
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of convertible loan notes		-	125,000
Proceeds from Issue of shares, net of issue costs		1,844,431	-
Loan repayment		(49,143)	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>1,795,288</b>	125,000
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>1,103,507</b>	85,886
<b>Cash and cash equivalents at the beginning of the period</b>		<b>87,462</b>	1,576
<b>Cash and cash equivalents at the end of the period</b>		<b>1,190,969</b>	87,462

The notes on pages 45-67 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. GENERAL INFORMATION

This financial information is for African Pioneer Plc (“the Company”) and its subsidiary undertakings. The principal activity of African Pioneer Plc (the ‘Company’) and its subsidiaries (together the ‘Group’) is the development of natural resources exploration projects in Sub-Saharan Africa.

The Company is a public limited company and was listed on to the Official List (Standard Segment) and commenced trading on the Main Market for listed securities of the London Stock Exchange on 1 June 2021. The Company is domiciled in the Isle of Man and was incorporated on 20th July 2012 under the Isle of Man Companies Act 2006 with company registration number 00859IV, and with registered address being 34 North Quay, Douglas, Isle of Man, IM1 4LB.

### 2. 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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark
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 37	Onerous Contracts – Cost of Fulfilling a Contract
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 IAS 41	Agriculture

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (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 profit from all operations for the year ended 31 December 2021 after tax of £396,000 (2020: loss of £90,000). 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 during the year. During the period, the Company raised £1,750,000 at the time of its Listing on 1 June 2021 and £365,000 by way of a share subscription from Sandfire Resources Limited. Cash and cash equivalents were £1.19 million as at 31 December 2021, which will enable the Company to carry out its planned exploration activities on its newly acquired projects. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will need to raise funding to provide additional working capital to finance its ongoing activities. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**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 2021 (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 taxation 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.

**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 2021 (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 2021 is £4,432,962. 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 £3,674,062. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**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 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 2021 for the Company was £1,190,969 (2020: £87,462). 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 £25,123 in value of investments (2020: £4,955).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

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

**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 2021 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.

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:

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

<b>As at 31 December 2020</b>	<b>Not rated /not readily available</b>	<b>Total</b>
Cash and cash equivalents	87,462	87,462
<b>Total assets subject to credit risk</b>	<b>87,462</b>	<b>87,462</b>

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**4. EXPENSES BY NATURE**

	31 December 2021	31 December 2020
Directors' fees	5	(100,469)
Audit fees		(3,600)
Stock exchange related costs		(32,220)
Legal, professional and consultancy fees		(14,813)
Management services		(64,359)
Insurance		(11,800)
Other administration expenses		(14,521)
Investor relations		(19,321)
		(34,187)
<b>Total Expense</b>		<b>(291,690)</b>

	31 December 2021	31 December 2020
	£	£
Auditor's remuneration		
- Audit of the financial statements of the Company	<b>32,220</b>	9,999

**5. DIRECTORS' EMOLUMENTS**

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

	31 December 2021	31 December 2020
	£	£
Colin Bird	35,000	-
Raju Samtani	29,169	-
Christian Cordier	16,500	-
Kjeld Thygesen	16,500	-
James Cunningham-Davis	9,300	3,600
<b>Total</b>	<b>106,469</b>	3,600

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

Colin Bird and Raju Samtani did not receive any remuneration in the year ended 31 December 2020.

	2021	2020
	Number	Number
Directors	4	3
Consultants	1	-
<b>The average monthly number of employees</b>	<b>5</b>	3

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**6. EARNINGS PER SHARE**

	<b>31 December 2021</b>	31 December 2020
Profit/(Loss) after tax for the purposes of earnings per share attributable to equity shareholders	395,692	£ (90,156)
Weighted average number of shares	116,222,201	11,729,826
Weighted average number of shares and warrants	138,235,532	11,729,826
Basic profit/(loss) per ordinary share	0.34 p	(0.77) p
Diluted profit per ordinary share	0.29 p	(0.77) 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. During the year, the company consolidated 10 existing shares to 1 (note 14).

**7. TAXATION**

The Company is subject to Isle of Man income tax at 0%, has suffered no 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 and have not presented the formal reconciliation required under IAS 12.

**8. AVAILABLE FOR SALE INVESTMENTS**

	<b>Group &amp; Company 31 December 2021</b>	Group & Company 31 December 2020
	£	£
Investments at fair value at 1 January	99,105	106,469
Additions	302,960	-
Disposals	-	(63,888)
Movements in fair value	100,391	56,524
Investments at fair value at 31 December	<hr/> 502,456	<hr/> 99,105

The book cost of the investments at 31 December 2021 was £410,050 (2020: £107,090).

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).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**8. AVAILABLE FOR SALE INVESTMENTS (Continued)**

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 £
<b>31 December 2021</b>				
Assets	502,456		-	502,456
<b>Total</b>	<b>502,456</b>		-	<b>502,456</b>
	Level 1 £	Level 2 £	Level 3 £	Total £
31 December 2020				
Assets	99,105		-	99,105
Investments held at fair value			-	
	99,105		-	99,105
<b>Total</b>			-	<b>99,105</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (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:

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

**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 2021 (continued)**

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

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

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

**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:

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**10. EXPLORATION AND EVALUATION ASSETS**

	<b>Group Exploration and evaluation assets</b>	<b>Company Investment in subsidiary</b>	<b>Group and Company</b>
	<b>31 December 2021</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at beginning of period	-	-	-
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	262,001	-	-
<b>Carried forward at end of year</b>	<b>4,432,962</b>	<b>2,796,500</b>	<b>-</b>

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. (2020- Nil).

**Principal Subsidiaries**

<b>Name &amp; registered office address</b>	<b>Country of incorporation and residence</b>	<b>Nature of business</b>	<b>Proportion of equity shares held by Company</b>
Resource Capital Partners Pty Ltd Plot 102, Unit 13 Gaborone International Commerce Park, Gaborone, Botswana	Botswana	Base Metals Exploration	100%
African Pioneer Zambia Ltd Plot No397/0/1 Chipwenupwenu Road Makeni, Lusaka PO Box 34033, Zambia	Zambia	Base Metals Exploration	80%
Zamcu Exploration Pty Ltd 5 Eze Terrace Hillarys WA, 6025 AUSTRALIA	Australia	Holding Company	100%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**10. Exploration assets (Continued)**

Manmar investments one hundred and twenty nine Pty Ltd 36 Simeon Kambo Shixungileni Street, Windhoek, Namibia	Namibia	Base Metals Exploration	85% via Zamcu
Manmar investments one hundred and thirty six Pty Ltd 36 Simeon Kambo Shixungileni Street, Windhoek, Namibia	Namibia	Base Metals Exploration	85% via Zamcu

The Company's principal business is to explore opportunities within the natural resources sector in Sub-Saharan Africa, with a focus on base and precious metals including but not limited to copper, nickel, lead and zinc. The Company has acquired the Namibia Projects, Zambia Projects and Botswana Projects (see Note 9 for details):

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

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

The Botswana Projects have been acquired at an attractive purchase price of £350,000, as although unexplored, they are located in 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. However, whilst working on the Admission, the Company was approached by Sandfire Resources Limited, listed on the Australian Stock Exchange and capitalised at approximately A\$1 billion ("Sandfire"), who have a large established presence in the Kalahari Copperbelt, with a proposal to acquire the Botswanan Projects. The Company has seen this as an opportunity for Sandfire to take over ownership and responsibility for the exploration stage of the Botswanan assets whilst allowing the Group to share in the potential upside should the exploration ultimately be successful in establishing a mineable reserve. As a follow up to the initial proposal, on 2 October 2021 entered into a two year option agreement with 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. Sandfire has the in-country infrastructure and technical expertise and financial resources to accelerate the rate of expenditure on the Botswanan assets. In addition, as part of the relationship with Sandfire, they came in as a cornerstone investor into the Company making a US\$500,000 (£365,000) investment in the Company by way interest free unsecured loan notes in March 2021, which on Listing converted into Ordinary Shares constituting 15 per cent. of the Company's issued share capital.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**11. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>	<b>Company</b>	<b>Group &amp; Company</b>
	<b>31 December 2021</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Loans to subsidiaries	-	877,562	-
Prepayments	20,979	20,979	420
Other debtors	743	-	-
<b>Total</b>	<b>21,722</b>	<b>898,541</b>	<b>420</b>

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.

**12. TRADE AND OTHER PAYABLES**

	<b>Group</b>	<b>Company</b>	<b>Group &amp; Company</b>
	<b>31 December 2021</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Creditors	4,846	4,846	26,953
Accrued expenses	37,626	37,626	5,392
Other creditors	272	-	-
Loan from directors	41,205	-	-
Bridging loan facility from parent	-	-	18,385
<b>Total</b>	<b>50,730</b>	<b>42,472</b>	<b>50,730</b>

In 2020, the company received an amount of £18,385 from its previous parent (Tiger Royalties and Investments Plc) as part of a bridging loan facility of £140,000. This loan was unsecured and carried an interest rate of 10% accruing daily. The loan was repaid on 6 April 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**13. LOANS**

i. The Company owed £100,000 to Tiger Royalties and Investments Plc ('Tiger'), the previous parent company (note 14). The amount was unsecured, interest free and was converted into 2,857,143 New Ordinary Shares in the Company as agreed between Tiger and the Company under a settlement letter, dated 8 February 2021.

	<b>31 December 2021</b>	31 December 2020
	£	£
Net present value of loan classified as non-current liability - at inception	-	38,554
Loan classified as equity contribution in accordance with IFRS 9	-	61,446
<b>Total</b>	<b>-</b>	<b>100,000</b>

(ii).

	<b>31 December 2021</b>	31 December 2020
	£	£
Net present value of loan classified as non-current liability - at inception	-	38,554
Interest for prior years	-	10,182
<b>Total at year end</b>	<b>-</b>	<b>49,143</b>

On 21 October 2020, the Company entered into a convertible loan note agreement with Sanderson Capital Partners ("Sanderson") for a total investment of £150,000. Sanderson advanced the sum of £125,000 under this agreement prior to 31 December 2020 and the balancing £25,000 was received by the Company on 4 February 2021. The loan notes did not have a fixed term and carried a zero coupon rate. The loan notes were converted by Sanderson into Ordinary shares of zero par value at a conversion price 1.75p per share on 1 June 2021 at the time of the listing. Sanderson received one warrant per each share received on conversion of the loan notes into Ordinary share in African Pioneer Plc at a strike price of 3.5 pence. These warrants are valid for a period of 3 years from the date of issue of the convertible loan note 21 October 2023.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**13. LOANS (continued)**

**Equity contribution**

	<b>31 December 2021</b>	31 December 2020
Loan classified as equity contribution in accordance with IFRS 9 in (i) above	-	61,446
Loan notes subscribed during the year in (ii) above	-	125,000
Total at year end	<hr/>	<hr/>
	-	186,446

**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	£
<b>Authorised:</b>		
1,000,000,000 ordinary shares of no par value	<hr/> <b>1,000,000,000</b>	<hr/> <b>n/a</b>

	2021	2020
Issued equity share capital	Number	£
<b>Issued and fully paid</b>		
<b>Ordinary shares</b>	<hr/> <b>191,707,845</b>	<hr/> <b>5,946,610</b>
	11,729,826	452,983

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

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

<b>Group and Company</b>	<b>Number of shares</b>	<b>Share capital</b>
		£
As at 1 January 2021	11,729,826	452,983
Shares issued during the period	179,978,023	5,493,622
Share issue costs *	-	(447,500)
Share based payment charge		(8,834)
<b>As at 31 December 2021</b>	<b>191,707,849</b>	<b>5,490,271</b>

**Movement in shares issued during the period**

Shares issued from placing on admission	01/06/2021	50,000,000	1,750,000
Shares issued on acquisition on subsidiaries	01/06/2021	84,642,857	2,962,500
Conversion of loans and share subscriptions	01/06/2021	39,847,503	615,000
Advisers' fees settled by shares	01/06/2021	3,239,364	113,377
Shares issued for additional 15% shareholding in Manmar companies	27/08/2021	2,248,299	52,745
<b>Total</b>		<b>179,978,023</b>	<b>5,493,622</b>

\*includes transaction costs incurred in the listing process of £360,000

On 7 December 2020, the Company consolidated its Ordinary shares of zero par value on a 10 existing shares to 1 new share basis which resulted in a reduction of the total number of Ordinary shares in issue from 117,298,260 to 11,729,826 Ordinary shares of zero par value.

On the same date, the Company also increased its authorised share capital from 500,000,000 shares to 1,000,000,000 shares.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**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	<u>230,000</u>	01/06/2021	3.5p	1 June 23	upon being granted
	<u>4,150,947</u>				

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 resultant fair value of the warrants was determined to be £8,834, which has been taken to the share-based payment reserve.

**16. 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 £9,300 (2020: £3,600), relating to director's fees for the services of J. Cunningham-Davis, a director of CTC. At the year-end a balance of £Nil (2020: £900), 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 (2020 - £9,000 plus VAT). At the year-end a balance of £Nil (2020: £900) was outstanding. The Board considers this transaction to be on normal commercial terms and on an arm's length basis.

On 20 June 2018, the Company entered into a loan agreement with its parent company, Tiger Royalties and Investments Plc and was advanced the sum of £100,000 under this agreement to settle outstanding fees due to the Company's directors. See note 10 for the terms of the loan. The amount was paid directly to its directors (£50,000 each to Raju Samtani and Colin Bird). This loan has now been settled see note 13.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

**16. RELATED PARTY TRANSACTIONS (continued)**

On 28 January 2021, the Company entered into a loan agreement with its parent company, Tiger Royalties and Investments Plc for a bridging loan facility of up to £140,000. See note 9 for details of the terms for this loan. A pre-existing amount of £18,385 outstanding as at 31 December 2020 was included in the 28 January 2021 facility. A further sum of £112,981 was advanced on 29 January 2021 (post year-end) under this facility. This loan has now been settled see note 13.

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**

Loans with group companies entered into during the year are as follows. Loans are interest free and repayable on demand.

	<b>2021</b>	<b>2020</b>
	£	£
Zamcu Exploration Pty Ltd to African Pioneer Plc	749,952	-
Resource Capital Partners Pty Ltd to African Pioneer Plc	32,199	-
African Pioneer Zambia Ltd to African Pioneer Plc	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 2021 (continued)**

**16. 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 2021 (continued)**

**16. 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 developmentl 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.

**17. POST BALANCE SHEET EVENTS**

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 FM.TO) in relation to 4 of the 5 Zambian exploration licences held by African Pioneer Zambia (the "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 US\$500,000 on each of the exploration licences. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)****17. POST BALANCE SHEET EVENTS (continued)**

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%.