

22 March 2023

**Pathfinder Minerals Plc**  
("Pathfinder" or the "Company")

**Update re Bilateral Investment Treaty Claim:  
SPA Signed for the Sale of IM Minerals**

Further to the Company's announcements on 1 February and 22 February 2023, Pathfinder announces that it has entered into a conditional binding sale and purchase agreement (the "SPA") with Acumen Advisory Group LLC ("AAG") with respect to the disposal (the "Disposal") of IM Minerals Limited ("IMM"), a wholly owned subsidiary of Pathfinder, and, with it, the rights to bring a claim against the Government of Mozambique (the "Claim") under the Mozambique-United Kingdom Bilateral Investment Treaty (2004), for the expropriation of Mining Concession 4623C (the "Licence").

As previously announced, completion of the SPA ("Completion") is conditional upon shareholder approval being received at a general meeting of the Company (the "General Meeting"), in line with AIM Rule 15, for the disposal of IMM, to be held on or before 26 April 2023. A further announcement will be made by the Company upon publication of the necessary circular and notice of General Meeting.

**Highlights**

Completion of the SPA, and therefore the Disposal, will result in:

- a cash payment by AAG to Pathfinder of £2 million;
- a binding commitment by AAG to commence legal proceedings against the Government of Mozambique in respect of the Claim within three months of Completion, with AAG confirming that it has secured at least US\$15 million to fund the Claim and will use its best endeavours to settle and/or finalise the Claim within five years; and
- a contingent payment by AAG to Pathfinder of the greater sum of US\$24 million or 20% of net recoveries from any settlement or determination of the Claim.

**Further information on the Disposal**

The Company and AAG have entered into the SPA, pursuant to which the Company has agreed to sell the entire issued share capital in IMM to AAG. Completion of the Disposal is conditional upon the approval by shareholders of the resolution relating to the Disposal (the "Resolution") at the General Meeting, with Completion due on the date falling two business days from the passing of the Resolution (or on such other date as is agreed in writing by the Company and AAG).

The consideration payable by AAG to the Company is £2 million on Completion and the greater of US\$24 million or 20% of the aggregate amount (including all deferred or conditional payments) payable on settlement or determination of the Claim less all reasonable costs and expenses properly incurred in respect of the Claim.

Under the SPA, AAG confirms that it has secured funding for at least US\$15 million to fund the Claim and undertakes to the Company that it will:

- a) instruct lawyers to commence legal proceedings and issue a claim in respect of the Claim within three months of Completion;
- b) use its best endeavours to settle and/or finalise the Claim within five years of Completion; and
- c) keep the Company informed of material developments in respect of the Claim.

Under the SPA, the Company agrees that, if requested by AAG, it will use reasonable endeavours insofar as it is reasonably able, to assist AAG with a divestment to a third party of any licences which are returned or awarded to it in respect of the Claim.

The Company has provided AAG with certain warranties under the SPA with its aggregate liability capped at £2 million. Any individual claim for breach of these warranties must exceed £20,000 and all such claims together must exceed £200,000 before a claim for breach of warranty can be brought (when the whole amount can be claimed) and any such claim for

breach of warranty must be notified by AAG to the Company within 12 months of Completion.

On Completion, the Company will cease to own, control, or conduct all or substantially all of its existing trading business, activities or assets and will become an AIM Rule 15 cash shell. As such, the Company will be required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 (including seeking a re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from Completion and be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million), failing which the Company's ordinary shares would then be suspended from trading on AIM pursuant to AIM Rule 40.

Accordingly, should the Disposal complete, the Company will become an AIM Rule 15 cash shell and will evaluate opportunities in the sectors the directors consider appropriate, seeking to identify one or more projects or assets which the Company can acquire, which would constitute a reverse takeover under AIM Rule 14. The directors are confident that the initial consideration payable in respect of the Disposal of £2 million will be sufficient to cover the costs of a reverse takeover under AIM Rule 14 and provide initial working capital for the then enlarged group.

Any reverse takeover transaction will require the publication of an AIM Rules compliant admission document and will be subject to shareholder approval at a further general meeting of the Company to be convened at the appropriate time.

#### **Schedule Four disclosure**

In line with the requirements of Schedule Four of the AIM Rules, IMM has no trading profits or losses, and its assets have been fully impaired. As at 31 December 2022 (and at the date hereof), the profits attributable to IMM are £nil (2021: £nil) and the gross assets of IMM were £nil (2021: £nil). The Disposal will therefore have no impact on the Company's consolidated financial position, save that the Company will reflect a gain on the disposal of IMM.

#### **Enquiries:**

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