Premier African Minerals

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**30 July 2019**

Dear Shareholders,

In advance of Premier African Minerals Limited ("**Premier**") Annual General Meeting ("**AGM**") scheduled for 5 August 2019 and hopefully a positive conclusion to our stated plans to diversify country risk and seek involvement in cash generative assets, I am pleased to expand on the current status of our operations and set the ground work for our plans going forward from here.

Whilst developments in Zimbabwe have been painful and torrid, there is light, and some very recent developments are very encouraging. Generally speaking, the adoption of the RTGS Zimbabwe dollar as the formal transactional currency in Zimbabwe and the exchange with US$ at a rate of one-to-one on initial adoption, is in Premier's opinion a big step in the right direction. The RTGS is still to find its market value with regard to foreign currencies, and again although we believe that the RTGS may weaken further, this is unlikely to offset the positive impact it already has had on RHA Tungsten Private Limited ("**RHA**"). A good example of this is the domestic price of fuel, which although in short supply was priced at approximately RTGS $7 per litre on my last visit, significantly lower than in neighbouring countries like South Africa. The recent payment to RHA of RTGS $6 million has been dismissed by some detractors who have not acknowledged the fact that debt and many other Zimbabwe based expenditures are also now priced in RTGS below the former direct US$ equivalent. There are, and will always be exceptions, and the currency and cost situation in Zimbabwe is far from settled, but any funds paid to RHA reflect significant support from the Zimbabwe Government. Neither I nor the Premier Board have ever claimed to have agreed a payment in RTGS as opposed to US$, nor have we accepted funding in RTGS as meeting the commitment made by the Zimbabwe Ministry of Industry, Commerce and Enterprise Development ("**Ministry**"), nor do we accept an offset of 6 million in any currency against our existing loan account to RHA of over US$20 million, nor is there any relinquishment of ownership of our plant and equipment. There is clear acknowledgement from the Ministry that the payment of RTGS 6 million is in all likelihood insufficient to fully complete development at RHA and there is an undertaking that we should approach the Ministry to obtain additional RTGS $ payments if this is the case.

The present status at RHA is that the Zimbabwe Electricity Supply Authority ("**ZESA**"), the Zimbabwe state electricity provider, has been instructed to get RHA electrified as soon as possible. This is essential. The present price of Tungsten APT European is around US$210-225/mtu and RHA cannot operate profitably if it must rely on diesel power generation. We do not yet have an estimated completion date for this electrification but remain of the opinion that RHA could be in production within 4 months (100 working days) of confirmation from ZESA of a near-term completion date for electrification. To be clear, if for example ZESA advised us today that they would complete electrification by 31 August 2019, RHA could potentially produce in December 2019. But, if ZESA could only complete the electrification by 30 September 2019, we would then expect RHA to come into production early 2020.

Important also in regard to RHA are the facts that Premier will not need to make any further financial commitments for the foreseeable future to any funding at RHA or pay for ongoing care and maintenance costs that, with the best will in the world, could not be reduced below US$30,000 per calendar month in the preceding

18 months. In the light of current developments, Premier intends to ask the Company's auditors undertake a re-assessment of the impairment charge made in respect of RHA for the purposes of preparing the Unaudited Interim Results for the six months ended 30 June 2019.

The outlook for RHA has substantially improved and we expect to be in a position to provide further updates on developments during the latter part of this year.

Moving on to the Zulu Lithium Project ("**Zulu**"), the focus in the last twelve months has largely been on securing the Exclusive Prospecting Order ("**EPO**") of the greater area surrounding our existing claims. Our depressed share price and pressure on spodumene pricing have both dictated the need for the expanded exploration area and emphasise the fact that size does matter. It is easy to gloss over the best of Zulu. We have declared a resource; we have completed initial test work at an internationally accredited laboratory; we have established that Zulu has particularly high grade spodumene zones with very low deleterious elements; we have established that the petalite zones are equally high grade and similarly low in deleterious elements and that both our spodumene and petalite will be expected to have strong secondary markets in the industrial minerals sector as higher grade spodumene is likely to be in more demand and likely to have a better market into the lithium industry. To put this into perspective, spodumene is often quoted on the basis of lithium grades of 5% to 6%. Zulu, following test-work, is expected to produce grades of 6.5% and should in our view enjoy a more stable market and better demand and pricing. In our last published financial statements, the Zulu deposit was fully impaired and, as and when the EPO is granted, we intend with the Company's auditors to re-assess the impairment charge. Simultaneously, our objective will be to develop additional resources and expand from the scoping study already completed, into the definitive study so strongly indicated by those scoping study results. Probably most importantly, the EPO adds size and should therefore be a much more attractive investment opportunity for attracting partnerships that are an essential to accelerated development of this project.

In the past months, there is an emerging or should I say re-emerging interest in Rare-earth Oxides, and some other metals associated therewith. Good examples of this include niobium and this combination is reported to occur in the Katete Project ("**Katete**"). We have retained the core central claims to this and as we progress RHA, it makes sense that we should be looking to re-establish our exploration works at Katete. RHA provides much that exploration projects often lack and through access to primary sample preparation and other support, Katete could be a much more cost-effective exploration project than would normally be expected.

None of this removes the central and core issues that Premier faces today. In essence, our market capitalisation in the Board's opinion substantially discounts any residual value in any of our exploration and development assets and substantially under values our holding in Circum Minerals Limited.

Premier is and remains a minerals development company. The challenges and risks surrounding mining development seem to be overlooked by some and in the Board's view, the Company's share price has additionally been adversely affected by what it regards as serious misrepresentation in a number of online postings by a small number of anonymous bloggers of the Company's position and prospects. Calls for board and management changes should not be seen as the panacea to solve the difficulties in finalisation of delayed agreements and obtaining consents from governments in whose jurisdiction Premier has projects. Delays in granting an EPO or in getting National Indigenisation and Economic Empowerment Fund ("**NIEEF**") simply reflect the challenges of the countries that Premier operates in rather than a management failing. Similarly, the inference by some that there may be some hidden motive in executive decisions related to investment and funding is untrue and reflects possibly a misunderstanding of the facts at the time, or perhaps an inability on my part to be able adequately to communicate the appropriate knowledge. It is entirely appropriate that board and management are critically evaluated and brought to task by shareholders and regulators, but it is equally appropriate that those shareholders act rationally, with decorum and in as open and transparent manner as the Company has tried to do.

That said, I need to dwell on the need to diversify and seek cash generative opportunities in the immediate future.

To this end, Premier recently entered into a loan agreement with MN Holdings Limited ("**MNH**"), the owner and operator of the Otjozondu Manganese Mining Project ("**Otjozundu**"), to facilitate the acquisition by MNH of certain additional equipment *inter alia* to allow MNH to rapidly accelerate production levels from the current rate of 5,000 ton per month at its manganese operations in Namibia. At the same time, Premier is looking to implement its own board and executive changes. MNH is a private unlisted company and believes its future belongs in the public domain and that its expansion into a mine of significance must see the asset listed. Premier was fortuitously able to offer the assistance needed to MNH by providing funding, and at the same time strengthen our own board and add to our management, in the immediate short-term. As and when the board appointments are made, Premier should find itself closer to MNH and will be in a better position to fully assess the basis of any future cooperation. Any other arrangements or proposals with MNH at the time of the loan may well have resulted in a potential subsequent reverse transaction that, without publication of an admission document, could have led to a suspension of the Company's shares from trading, resulting in an inability of MNH to trade-out the shares constituting the loan and the inability of Premier to continue to fund its own operations.

MNH is profitable now. Repayment of the loan could potentially fund Premier's Zimbabwean operations just as this is needed. And a reconstituted board will be able to consider and agree the way ahead as much for our cooperation with MNH as for our Zimbabwe-based operations.

I do hope this letter assists in your decisions in regard to our company and provides additional information you may wish to consider in the lead up to our AGM. Despite the concerns expressed above in regard to communication, the Board will continue to use its best endeavours to deal with further questions and comments.

Sincerely,

George Roach