Premier African Minerals Limited / Ticker: PREM / Index: AIM / Sector: Mining

For immediate release

27 September 2016

Premier African Minerals Limited
('Premier' or 'the Company')

Unaudited Interim Results for the six months ended 30 June 2016

Premier African Minerals Limited, the AIM quoted multi-commodity mining and resource development company focused on Southern and Western Africa, announces its unaudited interim results for the six months ended 30 June 2016.

EXECUTIVE CHAIRMAN AND CEO'S STATEMENT

The first six months of 2016 has seen significant progress toward diversification of the group and real value generation for shareholders. Our Company is in a state of transformation, from exploration and development, dependent on equity placements and with associated risk exposure, to one of production and revenue and value generation. Premier is fortunate to have three distinct business opportunities that each independently have company making potential and credentials, in addition to the potential of our investment in Circum Minerals.

We believe our Zulu Lithium ("Zulu") project has the potential size to place Premier into the mainstream of Lithium development. Drilling is currently underway and with our in-country operational expertise, core management, sample preparation capability and using laboratories in South Africa, we expect a rapid turnaround in results.

The RHA Tungsten Mine ("RHA") was always intended to be an underground mine. The suspension of the open pit operations last year and the decision to accelerate development of underground mining through re-equipping of the existing adits and shaft systems presented a rapid re-entry to underground mining. Ore has been delivered to surface and this has allowed limited resumption of production, in conjunction with ongoing plant upgrades undertaken at the cost of the supplier. New mesh panels have been installed in the crusher circuit screens and this completes the outstanding requirements from the equipment suppliers. RHA is discussed in more detail below.

Zulu Lithium

A re-evaluation of all data, both historic and data generated by the Company, and the compilation of an in-house geological model, supports our assessment of continuity of strike and depth and the potential for massive mineralisation. Bulk samples collected at site have returned composite grades up to 1.55% Li_2O and the Company has recently started a 2,500 meter drilling program on Zulu (see RNS dated 14 September 2016) with the main objectives of testing for strike and depth extensions of the currently known 3.5 kilometre surface strike length and to establish a maiden resource in the central section of the deposit. The first of twenty planned holes has been drilled and mineralisation was intersected from 8 meters below surface, as predicted in our geological model.

We have received interest in Zulu from a number of different parties with which we have ongoing discussions regarding their possible involvement in the project, however we believe that Zulu's size and scale make it potentially analogous to other world-class spodumene/pegmatite deposits and hence we are reviewing the best development strategy for the project. The appointment by Zulu of Mr Lenigas, who has extensive experience in the junior lithium resources sector, as a consultant to provide an independent review of Zulu, is expected to assist us accelerate the Zulu project's development and we look forward to unlocking the underlying value of this project.

RHA Tungsten Mine

Various RNS statements during the period under review and subsequently, have described developments at RHA. Surface plant upgrades have, as reported above, now been completed, that will enable processing of ore at planned rates.

The most important ongoing developments are:

- The re-evaluation of the underground resource with a particular emphasis on establishing the tonnage and grade of ore immediately available without the need for any costly development to support the decision to expedite underground mining;
- Once the installation of XRT (X-ray Transmission Technology) ore sorting equipment is complete, open pit operations are expected to resume, and;
- The anticipated increase in concentrate production from the combination of increased underground and open pit mining.

It is most encouraging to be able to report that accessible underground ore is adequate to support the planned mining rate for the next twelve months without incurring any major underground development costs. And most significantly, existing underground development on the 870 level has intersected mineralised ore lodes projected from below the open pit. At the same time, ongoing re-evaluation of the open pit provides sufficient confidence to proceed immediately with the installation of XRT sorting equipment.

To improve the economics of RHA we have decided to increase underground mining to 16,000 tons per month in the first half of 2017. To achieve this, RHA will conclude a new mining contract that will include further upgrading of the main shaft to support this higher ore production rate. The planned completion date of this work is 30 November 2016. This has impacted adversely on planned production and concentrate shipment during this current quarter, but the longer term benefits are expected to far outweigh the shorter term impacts.

Negotiations are also advancing in regard to the provision of XRT sorting on a toll-basis that will be integrated in our existing crushing circuits such that all ore from both the open pit and underground mining will be upgraded. Target production from February 2017, subject to installation of the XRT sorter is expected to enable combined mining tonnage increasing steadily to 39,000 tons per month. At anticipated ore grade, concentrate production at this mining tonnage is expected to be of the order of 10,000 mtu per month, which would at current APT prices, result in a net monthly RHA revenue of approximately US$300,000, before interest, plant lease and debt repayment.

Premier expects to publish a resource review shortly that will quantify the immediately available tonnages in the developed underground mine and areas of the open pit that will be considered for XRT based sorting. Resource development will be ongoing and an element of the new mining contract includes use of underground lateral core drilling that is expected to add meaningful value. The resource review is also expected to indicate a projected convergence down dip and this is supported by bore hole intersections some 100 meters below the deepest developments in the mine that are running at grades up to 35kg per ton over 0.8 meter. It is likely that Premier will conduct a further deep drilling campaign to add to the confidence in this high-grade convergence at depth. A full resource statement will follow thereafter.

TCT

In April Premier announced that it had agreed terms to conditionally acquire an initial 52% interest in Mozambique-based TCT Industrias Florestais Limitada ("TCT"), that owns a substantial limestone deposit located on rail in the Sofala Province of Mozambique. TCT is the holder of the exploration licence together with significant forestry operations. The acquisition was subject to a number of conditions including due diligence. The Board expects that the acquisition of TCT will complete shortly and a further update is expected to be made shortly.

Other Zimbabwe Projects

Premier holds claims to a number of other prospective projects in Zimbabwe. These include Tinde Fluorspar, Globe multi-element and graphite and Rare Earth Elements at Katete. Whilst RHA and Zulu are taking centre stage in this period under review, these other projects remain attractive and are likely to receive attention over the next twelve months.

Togo and West Africa Operations

Our operations in West Africa remain largely dormant at this time. It is likely that we will discontinue operations in Togo in the near future unless there is some resolution to the ongoing issues with the Ministry of Mines.

Board and Management Changes

As previously reported Pamela Hueston resigned and the Company appointed Mr. Russel Swarts with oversight responsibility on accounting matters.

Funding

During the six months ended 30 June 2016 (the "Period"), through conversions into equity, Premier repaid during the Period all of the outstanding loan notes and associated derivative financial liabilities. Subsequent to the Period end, Premier the Company announced that it had signed a new subscription agreement with Darwin Strategic Limited for a gross value of up to £3,500,000 ($4,582,000) through the issue of up to 140 new Loan Notes. The Loan Notes are to be issued across 3 issue dates; the first 70 Loan Notes with a gross value of £1,750,000 ($2,291,000) were issued after the Period end on 22 August 2016 ("Issue Date 1"); a further 35 Loan Notes with a gross value of £875,000 ($1,145,000) may be issued at any time over the next 9 months ("Issue Date 2") and the remaining 35 Loan Notes with a gross value of £875,000 ($1,145,000) may be issued at any time following the date falling 6 weeks after the Issue Date 2 up to the 1st year anniversary of Issue Date 1 ("Issue Date 3"). Issue Dates 2 and 3 are both at the discretion of Darwin Strategic Limited.

The net proceeds from the Loan Notes are being used to provide additional general working capital for the Company, and to support the exploration and development activities at the Zulu Lithium and Tantalum project.

Outlook

Our Company is in a transformation stage with ongoing development at RHA, drilling at Zulu Lithium and the expected imminent closing of TCTIF in Mozambique.

In the medium term, the Board believes that this will generally de-risk the Company and should permit less dependence on expensive equity based financing.

At the same time, and with the operating capability that Premier now has developed, Premier will remain vigilant in terms of new opportunities that may become available.

I would like to take this opportunity to thank our shareholders, directors, advisers and consultants for their continued support, commitment and confidence in Premier.

George Roach
Executive Chairman and CEO
27 June 2016

Forward Looking Statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should" ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

For further information please visit www.premierafricanminerals.com or contact the following:

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN US DOLLARS

	Notes	Six months to 30 June 2016 (Unaudited) $ 000	Six months to 30 June 2015 (Unaudited) $ 000	Year to 31 December 2015 (Audited) $ 000
Revenue		125	-	103
Cost of sales		(952)	-	(1,556)
Gross loss		**(827)**	**-**	**(1,453)**
Administrative expenses		(1,243)	(1,496)	(3,132)
Depreciation and amortization expense		(732)	(8)	(714)
Impairment of exploration and evaluation assets		-	-	(844)
Operating loss		(2,802)	(1,504)	(6,143)
Finance costs		(492)	(726)	(1,719)
Loss before income tax		(3,294)	(2,230)	(7,862)
Income tax expense		-	-	-
Loss for the period		(3,294)	(2,230)	(7,862)
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Gain arising on available for sale financial asset		-	1,500	1,500
Foreign exchange translation		50	(277)	50
		50	1,223	1550
Total comprehensive income for the period		(3,244)	(1,007)	(6,312)
Loss attributable to:				
Owners of the parent		(2,177)	(1,998)	(5,992)
Non-controlling interests		(1,117)	(232)	(1,870)
Loss for the period		(3,294)	(2,230)	(7,862)
Total comprehensive income attributable to:				
Owners of the parent		(2,127)	(775)	(4,442)
Non-controlling interests		(1,117)	(232)	(1,870)
Total comprehensive income for the period		(3,244)	(1,007)	(6,312)

Loss per share attributable to owners of the parent (expressed in US cents)

Basic loss per share	6	(1.8c)	(0.5c)	(0.1c)
Diluted loss per share	5	(1.8c)	(0.5c)	(0.1c)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION EXPRESSED IN US DOLLARS

	Notes	30 June 2016 (Unaudited) $ 000	30 June 2015 (Unaudited) $ 000	31 December 2015 (Audited) $ 000
ASSETS				
Non-current assets				
Intangible exploration and evalua assets	6	3,238	7,691	3,192
Investment	7	4,000	4,000	4,000
Property, plant and equipment	8	9,311	4,417	9,918
Other receivables		196	-	255
Total non-current assets		16,745	16,108	17,365
Current assets				
Inventories		100	-	183
Trade and other receivables		324	295	426
Cash and cash equivalents		766	1,125	45
Total current assets		1,190	1,420	654
TOTAL ASSETS		17,935	17,528	18,019
LIABILITIES				
Non-current liabilities				
Convertible loan notes	9	-	(462)	-
Other financial liabilities		(168)	-	(180)
Borrowings	10	-	(1,278)	(259)
Provisions		(770)	-	(735)
Total non-current liabilities		(938)	(1,740)	(1,174)
Current liabilities				
Bank overdraft		(144)	-	(62)
Trade and other payables		(2,870)	(2,037)	(3,049)
Other financial liabilities		-	-	(10)
Borrowings	10	(568)	-	(549)
Convertible loan notes	9	-	(1,384)	(1,230)
Derivative financial liability		-	-	(194)
Total current liabilities		(3,582)	(3,421)	(5,094)
TOTAL LIABILITIES		(4,520)	(5,161)	(6,268)
NET ASSETS		**13,415**	**12,367**	**11,751**
EQUITY				
Share capital	11	26,331	17,593	21,469
Merger reserve		(176)	(176)	(176)
Foreign exchange reserve		399	22	349
Share based payment reserve		1,125	929	1,079
Retained earnings		(11,650)	(6,142)	(9,473)

Total equity attributable to the ov the parent company	16,029	12,226	13,248
Non-controlling interests	(2,614)	141	(1,497)
TOTAL EQUITY	**13,415**	**12,367**	**11,751**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY EXPRESSED IN US DOLLARS

	Share capital	Merger reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest ("NCI")	Total equity
At 1 January 2015	14,792	(176)	299	1,118	(6,076)	9,957	373	10,330
Loss for the period	-	-	-	-	(1,998)	(1,998)	(232)	(2,230)
Foreign exchange translation	-	-	(277)	-	-	(277)	-	(277)
Gain on available for sale asset	-	-	-	-	1,500	1,500	-	1,500
Total comprehensive income for the period	-	-	(277)	-	(498)	(775)	(232)	(1,007)
Transactions with owners								
Issue of equity shares	2,437	-	-	-	-	2,437	-	2,437
Fair value of share options exercised	364	-	-	(364)	-	-		-
Fair value of warrants exercised	-	-	-	(432)	432	-	-	-
Share based payment	-	-	-	607	-	607	-	607
30 June 2015	17,593	(176)	22	929	(6,142)	12,226	141	12,367
Loss for the period	-	-	-	-	(3,994)	(3,994)	(1,638)	(5,632)
Foreign exchange translation	-	-	327	-	-	327	-	327
Total comprehensive income for the period	-	-	327	-	(3,994)	(3,667)	(1,638)	(5,305)
Transactions with owners								
Issue of equity shares	3,956	-	-	-	-	3,956	-	3,956
Share issue costs	(80)	-	-	-	-	(80)	-	(80)
Share based payment	-	-	-	150	663	813	-	813
At 31 December 2015	21,469	(176)	349	1,079	(9,473)	13,248	(1,497)	11,751
Loss for the period	-	-	-	-	(2,177)	(2,177)	(1,117)	(3,294)
Foreign exchange translation	-	-	50	-	-	50	-	50
Total comprehensive income for the period	-	-	50	-	(2,177)	(2,127)	(1,117)	(3,244)
Transactions with owners						-		-
Issue of equity shares	5,104	-	-	-	-	5,104	-	5,104
Share issue costs	(242)	-	-	-	-	(242)	-	(242)
Share based payment	-	-	-	46	-	46	-	46
At 30 June 2016	26,331	(176)	399	1,125	(11,650)	16,029	(2,614)	13,415

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
EXPRESSED IN US DOLLARS

	Notes	Six months to 30 June 2016 (Unaudited) $ 000	Six months to 30 June 2015 (Unaudited) $ 000	Year to 31 December 2015 (Audited) $ 000
Net cash outflow from c activities		(2,595)	(11)	(3,099)
Investing Activities				
Exploration and evaluation exp	6	(46)	(885)	(885)
Purchase of property, pla equipment	8	(125)	(3,385)	(4,365)
Proceeds from sale of invest joint venture		-	1,000	1,000
Net cash from (used) in activities		(171)	(3,270)	(4,250)
Financing Activities				
Proceeds from borrowings		240	500	800
Net proceeds from loan notes	9	-	3,169	4,142
Net proceeds from issue c capital	11	3,191	860	2,218
Net cash from financing activit		3,431	4,529	7,160
Net increase/(decrease) in cash and cash equivalents		665	1,248	(189)
Cash and cash equivalents at beginning of period		(17)	174	174
Effect of foreign exchange rate variation		(26)	(297)	(2)
Net cash and cash equivalent of period		622	1,125	(17)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Premier African Minerals Limited ('Premier' or 'the Company'), together with its subsidiaries (the 'Group'), was incorporated and domiciled in the Territory of the British Virgin Islands under the BVI Business Companies Act, 2004. The address of the registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands. Premier's shares were admitted to trading on the London Stock Exchange's AIM market on 10 December 2012.

The Group's operations and principal activities are the mining, development and exploration of mineral reserves, primarily on the African continent. The presentational currency of the condensed consolidated interim financial statements is US Dollars.

2. BASIS OF PREPARATIONS

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 were approved by the board and authorised for issue on 26 September 2016.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2015 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards ("IFRS") as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 December 2016 and on the basis of the accounting policies expected to be used in those financial statements.

The figures for the six months ended 30 June 2016 and 30 June 2015 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 December 2015 are extracts from the 2015 audited accounts. The independent auditor's report on the 2015 accounts was not qualified but included an emphasis of matter in respect of going concern and carrying value of property, plant and equipment.

3. SEGMENTAL REPORTING

Segmental information is presented in respect of the information reported to the Directors. During the year ended 31 December 2015 the Group moved from an exploration and development phase to operations with its RHA Tungsten Mine and has earned some revenue during the period to date.

For the purposes of the current financial year, segmental information has been changed to separately report revenue generating businesses. RHA Tungsten (Private) Limited that operates the RHA Tungsten Mine will be treated as a single segment.

The RHA Tungsten Mine segment derives income primarily from the production and sale of wolframite concentrate. All other segments are primarily focused on exploration and on administrative and financing segments.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	30-Jun-16 (Unaudited)	30-Jun-15 (Unaudited)	31-Dec-15 (Audited)
Assets	**\$ 000**	**\$ 000**	**\$ 000**
Non-current assets			
RHA Zimbabwe	9,311	4,417	9,918
Other Zimbabwe	3,238	7,691	3,192
Corporate	4,196	4,000	4,255
	16,745	16,108	17,365
Current assets			
RHA Zimbabwe	397	363	537
Other Zimbabwe	5	-	-
Corporate	788	1,057	117
	1,190	1,420	654
Liabilities			
Non-current liabilities			
Zimbabwe	770	0	735
Other Zimbabwe	168	-	-
Corporate	-	1,740	439
	938	1,740	1,174
Current liabilities			
RHA Zimbabwe	1,708	1,397	3,261
Other Zimbabwe	53	-	-
Corporate	1,821	2,024	1,833
	3,582	3,421	5,094

4. TAXATION

There is no taxation charge in the six months ended 30 June 2016 (Nil for both the six months to 30 June 2015 and year ended 31 December 2015). As the group is an International Business Group, the British Virgin Islands imposes no corporate taxes or capital gains tax. However, the Group may be liable for taxes in the jurisdictions of the underlying operations.

To date, the Group has incurred tax losses however a deferred tax asset has not been recognised in the accounts due to the unpredictability of future profit streams.

5. LOSS PER SHARE

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during each period.

	Six months to 30 June 2016 (Unaudited)	Six months to 30 June 2015 (Unaudited)	Year to 31 December 2015 (Audited)
Net loss after taxation ($ 000)	(2,177)	(1,998)	(5,992)
Weighted average number of Ordinary Shares in calculating basic earnings per share ('000)	1,204,810	533,386	655,650
Basic earnings (loss) per share (US cents)	(1.8c)	(0.5c)	(0.1c)
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share ('000)	1,205,006	889,180	2,006,580
Diluted loss per share (US cents)	(1.8c)	(0.5c)	(0.1c)

As the Group incurred a loss for the year, there is no dilutive effect from the share options and warrants in issue or the shares issued after the reporting date.

6. EXPLORATION AND EVALUATION ASSETS

	$ 000
Carrying value at 01 January 2015 - Audited	6,806
Expenditure on exploration and evaluation	885
Carrying value at 30 June 2015 - Unaudited	7,691
Expenditure on exploration and evaluation	-
Impairment *	(844)
Transferred to Property, Plant and Equipment **	(3,655)
Carrying value at 31 December 2015 - Audited	3,192
Expenditure on exploration and evaluation	46
Carrying value at 30 June 2016 - Unaudited	3,238

Exploration and evaluation assets relate to the Zulu Lithium and Tantalite Project located in Zimbabwe. The carrying value of these assets at 30 June 2016 was $3,238,000 (31 December 2015 $3,192,000). Small scale exploration work conducted during the period indicates that tantalum recovery may be a viable option. The Group views this project as strategic and exploration work will be ramped up in the future, cash flow permitting.

Exploration costs not specifically related to a licence or project or on speculative properties are expensed directly to profit or loss in the year incurred. During the six months to 30 June 2016 - $nil (Year to 31 December 2015: $24,000) exploration costs were expensed.

* During the year ended 31 December 2015 capitalised costs relating to the Katete ($717,000) and Tinde ($127,000) assets located in Zimbabwe were impaired. The Tinde Project holds 9 mineral block claims mainly prospective for fluorspar.

The Company plans to retain the claims however there are no immediate or future plans for development whilst the Group focuses its attention on other more prospective projects. The Katete Project holds 25 mineral block claims mainly prospective for rare earth elements. The Group has maintained the four key blocks of claims in the expansive area. The Board of Directors may decide at some future date to explore the properties however as at this time there is no formal exploration plan in place or funding allocated for future development.

** During the year ended 31 December 2015, the carrying amount of exploration and evaluation assets related to the RHA Tungsten Project was transferred to Property, Plant and Equipment on the date of commercial viability and technical feasibility. Mine construction was completed and the plant delivered and commissioned during the month of June 2015.

7. INVESTMENT

	$ 000
At 01 January 2015 - Audited	2,500
Fair value adjustment ***	1,500
At 30 June 2015 - Unaudited, 31 December 2015 - Audited and 30 June 2016 - Unaudited	4,000

Despite there being no further share placements by Circum in the six months ended 30 June 2016 the directors believe that the carrying value remains appropriate.

The shares are considered to be level 3 financial assets under the IFRS 13 categorisation of fair value measurements.

* Represents 2 million shares in unlisted entity Circum Minerals Limited ('Circum').

** As Circum is unlisted there are no quoted market prices. Fair value of the shares was therefore estimated using the price at which warrants in Circum shares were exercised by a third party in February 2015 at $1.25 per share. The warrants were issued prior to the 31 December 2014 year-end.

*** Fair value of the shares was adjusted to the most recent placing price of $2 per share during August 2015.

8. Property, plant and equipment

	Mine $000	Assets under construction $000	Plant & equipment $000	Land & buildings $000	Total $000
Cost					
At 01 January 2015	284	688	165	30	1,167
Additions	1,723	-	1,662	-	3,385
Transfers	-	(688)	688	-	-
At 30 June 2015	2,007	-	2,515	30	4,552
Additions	1,278	-	503	771	2,552
Transfers	3,615	-	40	-	3,655
At 31 December 2015	6,900	-	3,058	801	10,759
Additions	64	-	43	18	125
At 30 June 2016	**6,964**	**-**	**3,101**	**819**	**10,884**
Depreciation					
At 01 January 2015	-	-	119	8	127
Charge for the period	-	-	6	2	8
At 30 June 2015	-	-	125	10	135
Charge for the period	431	-	236	39	706
At 31 December 2015	431	-	361	49	841
Charge for the period	566	-	126	40	732
At 30 June 2016	**997**	**-**	**487**	**89**	**1,573**
Net Book Value					
At 30 June 2015 - Unaudited	2,007	-	2,390	20	4,417
At 31 December 2015 - Audited	6,469	-	2,697	752	9,918
At 30 June 2016 - Unaudited	**5,967**	**-**	**2,614**	**730**	**9,311**

9. CONVERTIBLE LOAN NOTES

	30 June 2016 $ 000	30 June 2015 $ 000	31 December 2015 $ 000
Convertible loan notes			
As at beginning of period	**1,230**	-	-
Loans notes issued	**-**	2,532	4,005
Loan notes converted	**(1,593)**	-	(2,495)
Premium on notes converted	**-**	-	35
Foreign exchange	**39**	-	10
Deferred finance costs	**324**	(686)	(324)
As at end of period	-	1,846	1,230

	30 June 2016 $ 000	30 June 2016 $ 000	31 December 2015 $ 000
Derivative financial instruments			
As at beginning of period	194	-	-
Derivative financial liability on issue of loan notes	-	-	1,151
Loan notes converted	(199)	-	(968)
Premium on notes converted	-	-	5
Foreign exchange	5	-	6
As at end of period	-	-	194

Loan Notes

On 2 February 2015, the Company entered into an agreement with Darwin Strategic Limited ("Darwin") whereby Darwin subscribed for a total of £1 million in convertible loan notes in which the Company received 90% of the par value of the notes. The loan notes were fully converted to equity during the reporting period.

On 29 April 2015, the Company entered into an agreement with Darwin whereby Darwin could subscribe for a total of £1.65 million in convertible loan notes in which the Company would receive 85% of the par value of the notes. The loan notes were issued in three tranches on fulfilment of certain milestones. The notes will redeem 18 months from the subscription date unless repaid or converted. The notes are repayable from 1 October 2015 at a rate of 7 per month at 105% of the par value (£25,000). As at the reporting date all of the outstanding loan notes were converted into equity (31 December 2015 - £551,000) of the loan notes were converted into equity (refer note 15) with loan notes outstanding at par value being Nil (31 December 2015 loan notes outstanding at par value £1,125,000).

On 9 October 2015, the Company entered into an agreement with Darwin whereby Darwin could subscribe for a total of £900,000 in convertible loan notes in which the Company would receive 90% of the par value of the notes. The loan notes were to be issued in three tranches on fulfilment of certain milestones. The notes will redeem 12 months from the subscription date unless repaid or converted. As at the reporting date, only tranches 1 and 2 were drawn down and both were fully converted into equity as at the financial year-end (refer note 15).

For details of the fair value hierarchy, valuation techniques, and significant observable inputs related to determining the fair value derivative financial instruments, which are classified in level 2 hierarchy, refer to note 30 in the Annual Report and Accounts 2015.

10. BORROWINGS

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	31 December 2015 (Audited)
	$ 000	**$ 000**	**$ 000**
Related party loans (1,3,4)	302	1,025	808
Non-related party loans (2)	266	253	-
	568	1,278	808

	2016 $ 000	2015 $ 000	2015 $ 000
As at 1 January	808	767	767
Loans received	-	500	800
Loans capitalised as equity	(275)	-	(794)
Accrued interest	35	11	35
As at 31 December	568	1,278	808
Current	568	-	549
Non-current	-	1,278	259
	568	1,278	808

Borrowings comprise loans from a related party and a non-related party.

(1) On 9 April 2015, the CEO and Chairman George Roach provided a $250,000 bridge loan facility and agreed the repayment and conversion terms of the loan outstanding at 31 December 2014. Together the loans with any accrued interest will become repayable by the Company as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%. George Roach may elect to convert all or part of the loans into new ordinary shares in the Company at a conversion price that is the lesser of the volume-weighted average price of the ordinary shares for the five trading days immediately prior to the date of conversion or the closing price of the ordinary shares on the date of the loans.

(2) On 27 April 2015, AgriMinco Corp (“AgriMinco”) provided a $250,000 loan facility. The loan with any accrued interest will become repayable by the Company in 24 months or earlier with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of 5% per annum. AgriMinco may elect to convert all or part of the loan into new units when the loan facility becomes payable. One unit comprises one new ordinary share and one new warrant. The conversion price will be the lesser of the fifteen day volume-weighted average price of the ordinary shares for the two business days immediately prior to the maturity date and the date of a repayment notice, if any. Each new warrant would entitle the unit holder to subscribe for one new ordinary share at an exercise price equivalent to a 20% premium to the conversion price for a period of two years.

(3) On 15 September 2015, the CEO and Chairman George Roach provided a $300,000 loan direct to Premier for use at RHA Tungsten (Pty) Limited (‘RHA’). The loan with any accrued interest will become repayable by Premier as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%.

(4) On 4 December 2015 George Roach converted $650,000 of his loans to Premier into new ordinary shares and on 11 December 2015 Mr Roach converted a further $144,119 of his loans into new ordinary shares.

(5) On 29 January 2016, George Roach converted $247,000 of his loans into new ordinary shares. See Share Capital note 14 here in.

11. SHARE CAPITAL

Authorised share capital

At the AGM held on 22 April 2106, the shareholders approved the increase in authorised share capital to 4 billion (31 December 2015 and 30 June 2015: 2 billion) ordinary shares of no par value.

Issued share capital

	Number of Shares '000	$ 000
As at 1 January 2015 - Audited	**503,117**	**16,283**
Shares issued on exercise of share options	12,206	-
Shares issued on conversion of loan notes	83,049	1,527
Shares issued for employee share award	4,000	50
Shares issued on exercising of warrants	44,000	860
As at 30 June 2015 - Unaudited	**646,372**	**18,720**
Shares issued under subscription agreements	73,500	1,305
Shares issued on exercise of share options	13,037	135
Shares issued under indigenisation agreement	13,613	150
Shares issued on conversion of loan notes	257,694	1,936
Shares issued on conversion of loan	101,033	794
As at 31 December 2015 – Audited	**1,105,249**	**23,040**
Shares issued under subscription agreements	436,277	3,065
Shares issued on conversion of loan	47,479	247
Shares issued on conversion of loan notes	297,209	1,792
As at 30 June 2016 – Unaudited	**1,886,214**	**28,144**

Reconciliation to balance as stated in the consolidated statement of financial position

	Issued Share Capital$ 000	Share Issue Costs$ 000	Share Capital (Net of costs) $ 000
As at 01 January 2015 - Audited	16,283	(1,491)	14,792
Shares Issued	2,801	-	2,801
As at 30 June 2015 - Unaudited	19,084	(1,491)	17,593
Shares Issued	3,956	(80)	3,876
As at 31 December 2015 - Audited	23,040	(1,571)	21,469
Shares Issued	5,104	(242)	4,862
As at 30 June 2016 - Unaudited	28,144	(1,813)	26,331

12. EVENTS AFTER THE REPORTING DATE

Chairman and CEO Guarantee, Memorandum of Agreement and Put Option

On 4 July 2016 the Company announced that the Company's Chairman and CEO George Roach has agreed to provide a guarantee in respect of any amounts owing under the proposed Memorandum of Agreement with JR Goddard Contracting (Pvt) Ltd ("JRG").

The Company has formally entered into the Memorandum of Agreement with JRG, the contractor for the open pit mining at RHA Tungsten (Private) Limited ("RHA") ("JRG Memorandum") pursuant to which the amount owing to JRG as at 11 March 2016 of US$851,312 is being settled by Premier at a rate of US$54,626 per month for a period of 20 months. Under the JRG Memorandum, should the

Company recommence open pit mining operations through the direct engagement of JRG during the 20-month period, US$247,000 will be recovered by the Company by way of equal monthly payments against JRG's mining certificates over the duration of the new agreement.

In consideration for providing the Surety, the Company has today entered into a put option agreement in respect of its holding of shares in Circum Minerals Limited ("Circum") with George Roach ("Circum Agreement"). Under the Circum Agreement, in the event that: (i) Premier fails to meet its obligations under the JRG Memorandum; (ii) JRG exercises its rights under the Surety against George Roach; and (iii) Premier fails to find an alternative buyer for its Circum shares, then the Company may require George Roach to purchase such number of Circum shares at a price of US$2 per Circum Share (being the fair market value of the Circum shares in the audited results for the year ended 31 December 2015) equal to the total amount then owed to JRG.

As George Roach is a director of the Company, the proposed Surety and Circum Agreement constitutes a related party transaction for the purposes of the AIM Rules. The Board of Premier, other than George Roach, comprising the Independent Directors, considers, having consulted with the Company's nominated adviser, that the terms of the Surety and Circum Agreement are fair and reasonable insofar as all shareholders are concerned.

Director Resignation and Appointment of Consultant

On 27 July 2016 the Company announced that Ms. Pamela Hueston has resigned as a director of the Company and simultaneously Mr. Russel Swarts has been appointed as a consultant to the Company. The Board extends its thanks and appreciation to Ms. Hueston for her dedication and stewardship over the years and wishes her well with her future endeavours. At the same time, the Company welcomes the appointment of Mr. Swarts as consultant to the Company.

Mr. Swarts will provide oversight of the financial management. Mr. Swarts qualified as a Chartered Accountant (South Africa) in 1989, after serving articles with Price Waterhouse in Johannesburg.
After leaving the profession in 1991, he took up senior financial roles within a number of listed companies, before consulting in his areas of expertise.

Mr. Swarts has extensive experience in reporting, rules and regulations, corporate governance, mergers and acquisitions, specialist financing, strategic planning and group reporting planning and structuring. He has been involved in auditing, group reporting, budgeting and forecasting, systems implementations and restructuring.

Loan Note Instrument

On 22 August 2016 the Company announced that it had signed a subscription agreement ("Subscription Agreement") on 19 August 2016 for up to 140 Loan Notes for a gross value of up to £3,500,000. Subscription for the Loan Notes has been arranged by Darwin Strategic Limited ("Darwin"). Each Loan Note has a face value of £25,000 ("Par Value"). The Loan Notes are repayable at the rate of eight per month from 1 February 2017 and failing repayment, may be converted into new Premier ordinary shares ("Ordinary Shares") as explained under the Terms of the Loan Note.

The Loan Notes will be issued across 3 issue dates ("Issue Dates"); the first 70 Loan Notes with a gross value of £1,750,000 being issued on the 22 August 2016 ("Issue Date 1"), a further 35 Loan Notes with a gross value of £875,000 being issued at any time from the 23 August 2016 over the next 9 months ("Issue Date 2") and the remaining 35 Loan Notes with a gross value of £875,000 being issued at any time following the date falling 6 weeks after the Issue Date 2 up to the 1st year anniversary of Issue Date 1 ("Issue Date 3"). Issue Dates 2 and 3 are both at the discretion of Darwin.

The net proceeds from the Loan Notes will be used to provide general working capital for the Company, and to support the exploration and development activities at the Zulu Lithium and Tantalum project ("Zulu") in particular.

Terms of the Loan Notes
For each £25,000 senior secured convertible loan note ("Loan Notes") issued, Premier will receive 90% of the Par Value, equivalent to £22,500 per Loan Note ("Issue Price"). The loan shall bear an interest of 16% per annum payable in cash monthly in arrears and calculated on the aggregate Issue Price of the Loan Notes issued. The Company will prepay a minimum of 6 months' interest on the Issue Date 1 and in the event that an amount of Loan Note is converted into equity during the first 6 months, then the prepaid interest will be deducted from future interest payments as they fall due in relation to other outstanding Loan Notes. The Loan Notes will redeem after a period of 12 months from the date of the Subscription Agreement, unless otherwise repaid or converted. The Company has provided a number of warranties to Darwin in respect of the Group.

From 1 February 2017, each month Premier will redeem 8 Loan Notes in cash at a price equal to 105% of Par Value, amounting to £26,250 per Loan Note ("Amortisation Payment"). In the event that the Company fails to make the Amortisation Payment on the due date, Darwin may elect to convert up to 12 Loan Notes at 105% of Par Value into new Ordinary Shares at the conversion price of 90% of the arithmetic average of the volume weighted average share price per Ordinary Share for the five consecutive trading days selected by Darwin during a ten trading day period preceding conversion ("Conversion Feature").
In addition, the Loan Notes have certain conversion triggers that, for as long as the relevant event remains in breach and for 2 trading days after the breach has been rectified or remedied, the Loan Notes will have the right to convert into equity at 100% of Par Value on the terms of the Conversion Feature ("Conversion Triggers").

The Conversion Triggers are as follows:

- The Ammonium para-tungsten (APT) price as quoted by Metal Bulletin Board on two consecutive Fridays (or if such price data is not available the nearest practical date which shall first be immediately preceding day as to the day with no available data) is at or quotes below $160 per metric ton unit (mtu) or such lower price that may be mutually agreed between the Company and Darwin;
- The tungsten trioxide (WO_3) percentage contained in the Company's monthly production is below 60 per cent;
- Outstanding Loan sums (including accrued and unpaid interest) being in excess of 20% of the Company's market capitalisation for five consecutive trading days. For the period commencing on the start date of this Subscription Agreement and expiring on the twentieth trading day thereafter, Darwin shall not be able to exercise any conversion/holder redemption pursuant to this soft trigger event.
- Further, in the event that either of the below triggers are breached the Loan Notes shall have conversion rights into Ordinary Shares at 100% of Par Value at any time through their term:
- The TCT Industrial Florestais Limitada transaction not having closed on or by 1 November 2016;
- The issue of any Loan Notes other than the Issue Date 1 Loan Notes.

In addition to the other redemption rights, the Loan Notes are redeemable in the event of a change of control of Premier or the occurrence of an event of default in cash at 120% of the Par Value plus accrued but unpaid interest for as long as any Loan Note remains in issue.

Furthermore, the Company together with the holders of the Loan Notes and George Roach have entered into a put option agreement ("Put Option") over the Company's shareholding of 2 million shares in Circum Minerals Limited ("Circum") at a price of US$2 per share (the "Circum Shares") or such higher value as cited in the Company's latest Annual Report, in order to provide security for the Loan Notes.

The Put Option is a related party transaction for the purposes of the AIM Rules. The Board of Premier, other than George Roach, have not participated in the Put Option and are therefore independent under the AIM Rules for the purposes of considering the Put Option (the "Independent Directors"). The Independent Directors consider, having consulted with the Company's nominated adviser, that the terms of the Put Option are fair and reasonable insofar as the Company's shareholders are concerned.

Darwin has also been issued with warrants equal to 30% of the aggregate Par Value of the Loan Notes issued on each relevant Issue Dates with the right to purchase 1 newly issued Ordinary Share for each warrant. The warrants have an exercise price of 125% of the initial market price, equivalent to 0.8437 pence and can be exercised within 3 years (and 7 days) of the Issue Date. As of the date of this announcement, Darwin have been issued with 77,777,778 warrants in respect of Issue Date 1.

Drilling programme on Zulu has commenced, further review of strategic options for Zulu and appointment of Consultant

On 14 September 2016, the Company announced that it has started an extensive diamond drilling programme on the Zulu Lithium Project ("Zulu").

The drilling programme has two objectives. Firstly, to test for strike and depth extensions of the current known 3.5 kilometre surface strike length and secondly to establish a maiden resource.

In addition, Premier will be reviewing the strategic options for the development of Zulu and potential monetisation of value, including possible strategic partnerships and / or the possibility of a separate listing for Zulu.

Zulu Lithium Mauritius Limited ("Zulu Lithium") has agreed terms with Mr. David Lenigas to conduct a consultant's review of Zulu based on his expertise in the lithium development sector.