

For immediate release

22 August 2016

Premier African Minerals Limited

(“Premier” or the “Company”)

Loan Note Instrument

Premier African Minerals Limited, the AIM-traded, multi-commodity resource and development company focused on Southern and Western Africa, is pleased to announce that the Company 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 today (“Issue Date 1”), a further 35 Loan Notes with a gross value of £875,000 being 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 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.

George Roach, CEO, commented:

“This loan instrument removes any short term funding issues the company may have faced as RHA is fully optimised and ensures the rapid development of the exploration activities at the Zulu exploration tenements. In that regard, drilling is expected to commence in September 2016 and with in-house resource management and laboratory facilities at RHA, we expect a rapid and efficient turnaround from these exploration activities. This financing instrument means that there may be no dilution for shareholders due to the opportunity to repay the debt and hence avoid equity conversion. Whilst no future occurrence can be guaranteed, with, inter alia, an anticipated liquidity event from Circum, developments at RHA and the anticipated closing of the Mozambique acquisition there are reasonable prospects that repayments will be made rather than equity conversions. It is worth noting that failure to meet a repayment when due will not constitute an event of default, but rather a trigger, allowing the Note Holders the right to convert the notes as further described in this announcement.”

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 may be mutually agreed between the Company and Darwin;
- The tungsten trioxide (WO₃) 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.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Premier African Minerals Limited (AIM: PREM) is a multi-commodity mining and natural resource development company focused in Southern and Western Africa with production started at its flagship RHA project in Zimbabwe.

The Company has a diverse portfolio of projects, which includes tungsten, rare earth elements, gold, lithium and tantalum in Zimbabwe and Benin, encompassing brownfield projects with near-term production potential to grass-roots exploration. The Company also holds 2 million shares in Circum Minerals Limited ("Circum"), the owners of the Danakil Potash Project in Ethiopia, which has the potential to be a world class asset. At present those shares are valued at US\$4 million based on the latest price at which Circum has accepted subscriptions.

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