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Premier African Minerals Limited
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**Premier African Minerals Limited
("Premier" or the "Company")
Acquisition of Controlling Interest in Mozambique-based Limestone Project
Placing to raise £1.1 million**

Summary

Premier African Minerals Limited, the AIM-traded, multi-commodity mining and natural resource development company focused on Southern and Western Africa, is pleased to announce that it has 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. Premier has also today raised £1.1 million (before costs and expenses) through an issue of new Ordinary Shares, at an issue price of 0.75 pence per new Ordinary Share, that funds TCT's projected exploration, operating and development expenditure and the initial cash acquisition costs.

Highlights

- TCT's limestone deposit covers 27 km².
- The limestone deposit is situated 20 km southwest of Caia. The Tete/Beira rail link, complete with 3-line siding, runs adjacent to the northern boundary of the property.
- Early test work on surface material indicates acceptable grades of CaCO₃ for limestone for cement production; solubility suitable for Agri-lime; and material that is expected to be suitable for aggregates production.
- Import replacement supports local demand for lime for cement production, agricultural applications and aggregates.
- TCT's current forestry operations are expected to contribute significantly to exploration and development expenditure funding of the limestone deposit such that after initial capital injection by Premier, TCT is expected to be self-sustaining and contribute positively to Group cash flows in the current year.

George Roach, CEO, commented: "This is a particularly attractive acquisition both in the upside potential from development of the limestone and the allied operating natural resource business of TCT that is expected to positively impact cash flows and mitigate normal exploration and mineral development risk. At the same time, an existing market and available infrastructure significantly adds to the early development potential of the deposit. This, together with developments at RHA where recommissioning of the vertical shaft remains on target for completion this month, adds substantially to Premier's future."

Background to the acquisition

As previously announced, Premier's development strategy is to find low capex potentially near-term production. The Board of Premier believes that the TCT limestone project provides this opportunity in a region that the Company currently operates and that TCT's limestone and timber interests complement the Company's current portfolio of minerals and natural resource interests.

TCT

TCT Industrias Florestais Limitada ("TCT") is an unlisted Mozambique natural resources company, which has an early stage 27 km² limestone exploration license in Mozambique. In addition, TCT has a 24,821 hectare hardwood forestry concession located in central Mozambique, with allied milling and furniture manufacture and semi-finished goods export.

The limestone deposit is located 20 km southwest of Caia within the forestry concession area and the exploration licence is part of the forestry concession. The Tete / Beira rail link, complete with a 3-line siding, runs on the northern boundary of the concession. Early test work on surface material of the limestone indicates that there are potentially acceptable grades of calcium carbonate (CaCO₃) for limestone for use in cement production. In addition, initial work suggests that solubility should be suitable for Agri-lime and the material is also expected to be suitable for aggregate production. The Board believes that there is local demand for lime for cement production, agricultural applications and aggregates.

The Forestry concession is valid for another 35 years and is permitted to cut up to 3,000 m³ per annum, over and above historically cut and dead timber. TCT is the operator of the limestone exploration license and this is valid for 2 years from the date of formal grant in March 2016, and is renewable for up to 10 years in total. The work commitments under the exploration license are set out in an approved exploration programme that is budgeted at US\$200,000. There has been limited exploration work to date on the limestone deposit and there is no current resource, although there is evidence of historic small scale mining activity. The Company plans to commence an initial exploration and assessment work programme on the limestone deposit that is expected to provide a maiden resource and preliminary scoping study late in 2016. The approved exploration programme is fully funded.

In addition to its limestone project, TCT also has existing forestry operations that are expected to contribute significantly to cash flows from an early stage. Limited rehabilitation in the milling operations of the forestry division will see volumes increase to achieve this. At present TCT produces a range of Mozambique hardwoods and either exports top grade kiln dried timber in unfinished or semi-finished form. Bespoke furniture and a number of allied timber items are produced from timbers that are highly rated in both Germany and the UK. Located within the forest area, TCT operates a 32 bed lodge and a 9,963-hectare game farm and hunting concession. This concession is valid until 2065.

TCT is expected to be fully self-sustaining and will contribute positively to cash flow for Premier as a whole.

TCT is a private Mozambique company and its accounts are un-audited. The most recent available accounts for TCT are for the year ended 31 December 2014. TCT's turnover for the year ended 31 December 2014 amounted to US\$1 million, principally comprising sales of timber and wood-based products under the Dalmann brand. No sales of limestone aggregate were reported as the limestone project is at an exploration stage of development. TCT's loss before taxation for the same period amounted to US\$128,000. Total assets as at 31 December 2014 amounted to US\$537,000. Further details on TCT's activities are available from its website, www.dalman.com.

Acquisition agreements and terms

The Company has today conditionally agreed to acquire an initial 26% interest in TCT from Transport Commodity Trading Mozambique Limitada ("TCTM") and a further initial 26% interest from GAPI Sociedade de Investimentos S.A. ("GAPI"), in aggregate amounting to 52% for a total consideration of US\$2.1 million.

Pursuant to the agreement with TCTM, the Company has conditionally agreed to acquire TCTM's 26% interest in TCT (the "TCT Agreement") for a consideration of US\$1.1 million, payable in 4 tranches in either new Premier Ordinary Shares or cash (at the discretion of TCTM). The first tranche of the consideration amounts to US\$440,000 and is payable to TCTM on satisfaction of the conditions precedent to the transaction and will be held in escrow pending completion. The remaining US\$560,000 is payable in three (3) equal instalments 60, 90 and 120 days after the date of completion of the acquisition. The conditions-precedent include, *inter alia*, appropriate permissions and consents from the Mozambique Reserve Bank and other Departments associated with Forestry and Mining, completion of due diligence, and registrations of the interests acquired.

The Company has today also entered into a conditional Promise of Sale and Purchase Agreement with GAPI pursuant to which the Company has agreed to acquire GAPI's 26% interest in TCT (the "GAPI Agreement"). The consideration payable to GAPI amounts to US\$1.0 million and is payable in five (5)

tranches. The initial tranche of the consideration amounts to US\$220,000 in cash and is payable to GAPI on satisfaction of the conditions precedent to the transaction and will be held in escrow pending completion. The balance of US\$780,000 is payable in four (4) equal instalments of US\$195,000 in either new Premier Ordinary Shares or cash (at the discretion of GAPI) ("GAPI Deferred Payments") with the first GAPI Deferred Payment of US\$190,000 due on the thirteenth (13th) month following completion and the next payment every six months thereafter. The GAPI Deferred Payments bear interest at the rate of LIBOR plus 2%. The GAPI Agreement is conditional, *inter alia*, on no material adverse change in either TCT or Premier's business or operations, third party consents and Bank of Mozambique approval.

The total consideration payable under the TCTM Agreement and the GAPI Agreement amounts in aggregate to US\$2.1 million (equivalent to approximately £1,460,000).

Premier has also entered into a binding memorandum of understanding with TCTM, GAPI and the other shareholders of TCT (the "MOU") which sets out the relationship between the shareholders and certain rights and obligations. Under the MOU, and entirely at Premier's sole discretion, Premier has agreed to fund the limestone exploration programme and TCT's operations by way of a loan of up to US\$1 million (the "TCT Loan"), subject to receiving necessary Mozambique central bank consent. Premier will have the right to convert amounts provided under the TCT Loan into TCT equity as and when the loan totals US\$1 million. When the TCT Loan is converted, Premier's maximum interest in aggregate in TCT would increase to 68%. For so long as any GAPI Deferred Payments remain outstanding, conversion of the TCT Loan would be conditional on the prior written consent of GAPI.

The total maximum consideration therefore, comprising the consideration due under the TCTM Agreement and the GAPI Agreement together with the maximum amount that may be provided under TCT Loan, amounts in aggregate to US\$3.1 million (equivalent to approximately £2.15 million).

Pursuant to the MOU, Premier also has a right of first refusal over the remaining TCT shares on terms to be determined at such time that it exercises the right.

Subscription

Premier has today raised £1.1 million (before costs and expenses) through, conditional on admission, an issue of 146,666,667 new ordinary shares ("Subscription Shares") at a subscription price of 0.75 pence per Subscription Share (the "Subscription") that funds TCT's projected exploration, operating and development expenditure and the initial cash acquisition costs.

The Subscription Shares will, when issued, rank *pari passu* in all respects with the existing ordinary shares. Application will be made for the Subscription Shares to be admitted to trading on AIM and admission is expected to take place on or around 4 May 2016.

Following the issue of the New Shares, the Company's issued share capital consists of 1,886,213,770 Ordinary Shares, with voting rights. This figure may be used by shareholders in the Company as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Qualified Person

Wolfgang Hampel has reviewed and approved this release and the attachments thereto that are available for download from the Premier website. Mr Hampel has 24 years' experience in the African, American, European and Asian exploration and mining industry and holds a Diploma in Economic Geology (Dipl.-Geol.) from the Technical University of Munich. He is a registered European Geologist (EurGeol), n° 1261, with the European Federation of Geologists.

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.

Enquiries

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Notes

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.