

**For immediate release**

**13 May 2014**

**Premier African Minerals Limited  
(‘Premier’ or ‘the Company’)  
AgriMinco Danakil Option Exercise**

**Option Exercise**

Premier African Minerals Limited is very pleased to report that it has now exercised the option to acquire AgriMinco Corp’s (“AgriMinco”) entire interest in Mandalore Development Limited (“Mandalore”) (the “Option Exercise”). Mandalore has a 30% interest in the Danakil Potash project, Ethiopia (the “Project”).

The consideration payable by Premier on completion of the acquisition of Mandalore pursuant to the Option Exercise comprises:

- (i) The cancellation of all the common shares of AgriMinco owned by Premier for no consideration. As at the date of this announcement, Premier is interested in 120 million AgriMinco shares representing 42 per cent. of AgriMinco’s issued share capital with a value of approximately CAN\$1.8 million based on the last closing price of AgriMinco shares of CAN\$0.015 per share on 11 May 2014, the last practicable date prior to the publication of this announcement;
- (ii) The settlement of certain secured debt obligations owed by AgriMinco to third parties that will require payment of up to CAN\$1.5 million that will be funded from the interest free, term loan of US\$2.5 million repayable on 31 December 2014 (“Bridge Loan”) provided by Circum Minerals Limited (“Circum”); and
- (iii) The issue to AgriMinco of new Premier Ordinary shares with a value equal to CAN\$1 million based on the volume weighted average price per Premier Ordinary Share for the 5 trading days immediately prior to and following the Option Exercise. Based on the closing mid-market price of a Premier Ordinary share of 0.975p on 12 May 2014, the last practicable date prior to the publication of this announcement, this would result in the issue of 55,847,589 new Premier Ordinary Shares (assuming the price of Premier Ordinary Shares and the Sterling-Canadian \$ exchange rate remain constant).

In aggregate, the consideration on completion is estimated on present pricing at CAN\$4.3 million, equivalent to £2.34 million. The Option Exercise is expected to complete on or about 20 May 2014.

Commenting on the Option Exercise, George Roach, CEO, said: “The exercise of the option, without the need to access the capital markets in the near term, provides Premier with a significant asset that is intended to be acquired by Circum. As a consequence, Premier African Minerals’ normal operating costs can be funded into the foreseeable future without the need for further immediate dilution to shareholders. As well as retaining a significant interest in the Danakil Potash Project going forward via our ownership of 2 million shares in Circum, these incoming funds will allow us to progress our flagship RHA Tungsten development in Zimbabwe.”

**Danakil**

Mandalore owns a 30% interest in the Project, which encompasses a potentially significant potash deposit in the Danakil Depression of Ethiopia, with sylvinitic horizons amenable to cost effective solution mining. The area covered by the current exploration license is comprised of two leases with a combined area of approximately 365 square kilometres. AgriMinco's joint venture partner in the Project is Circum, which

has a 70% interest in the Project. The operator of the Project is Plinian Capital LLP, a private equity company that specialises in mining investment and operation.

On 18 March 2014 AgriMinco announced a further update on the Project including an expansion of its maiden NI 43-101 compliant mineral resource estimate to include a preliminary investigation into the economic mining and processing options (the “NI 43-101 Report”) which was prepared by independent consultants, K-UTEK Salt Technologies (“K-UTEK”), in accordance with The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards on Mineral Resources and Mineral Reserves (2010). The effective date of the Mineral Resource Estimate was 10 February 2014.

Mandalore’s net attributable share of the mineral resource is as set out in the table below:

**Table 1: Danakil Potash Deposit: Net Attributable Mineral Resource as at 10 February 2014**

	<b>Resource Category</b>	<b>Tonnes (Mt)</b>	<b>KCl (%)</b>	<b>K<sub>2</sub>O (%)</b>	<b>Contained KCl (Mt)</b>	<b>Contained K<sub>2</sub>O (Mt)</b>
<b>Danakil Potash Deposit</b>	Indicated	89.3	19.4	12.2	17.3	11.0
	Inferred	140.7	19.1	12.0	26.9	17.0
	<b>TOTAL</b>	<b>230.0</b>	<b>19.2</b>	<b>12.1</b>	<b>44.2</b>	<b>28.0</b>

**Notes:**

- (1) *Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.*
- (2) *The effective date of the Mineral Resource is 10 February 2014.*
- (3) *Mineral Resources for Danakil Potash Project have been classified according to The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards on Mineral Resources and Mineral Reserves (2010).*
- (4) *Plinian Capital LLP is the Operator of the Danakil Potash Project.*
- (6) *Source: K-UTEK Mineral Resource Estimate.*

**Information on Mandalore**

Mandalore, a wholly-owned subsidiary of AgriMinco, is a newly formed company and has not traded or published any financial results. Mandalore’s only asset is its interest in the Project which was valued in AgriMinco’s last published audited balance sheet as at 30 September 2013 at CAN\$1.35 million, equivalent to approximately £731,000. In the period ended 31 December 2013 AgriMinco’s share of the Project’s unaudited loss before taxation amounted to approximately CAN\$3,000.

**Circum Option**

As previously announced, Premier has also granted Circum an option (the “Circum Call Option”) such that on completion of the Option Exercise, Circum may acquire Mandalore from Premier. Under the Circum Call Option, which is exercisable on or before 5 June 2014 at the sole discretion of Circum, Premier would receive an amount in cash on completion equal to the amount advanced to Premier under the Bridge Loan, 2 million new Circum shares and a further four payments of US\$1 million each in cash payable on the second, fourth, sixth and eighth month anniversary of completion.

**Related Party Transaction**

Both George Roach and Pamela Hueston are directors of Premier and AgriMinco. Furthermore, family trusts associated with George Roach hold approximately 9% in the share capital of AgriMinco and are interested in 49% of the share capital of Premier. Accordingly, the Option Exercise (“Exercise”) is a related party transaction for the purposes of the AIM Rules.

The Board (other than George Roach and Pamela Hueston) consider, having consulted with the Company's nominated adviser, that the terms of the Option Exercise are fair and reasonable insofar as Shareholders are concerned. The Independent Directors have taken into account in particular that the Option Exercise enables the Company in effect to exchange its current, illiquid interest in AgriMinco of uncertain value, for a direct interest in the Project with the potential to monetise this interest in the very near term whilst still retaining an interest in the Project through its shareholding in Circum.

For further information please visit [www.premierafricanminerals.com](http://www.premierafricanminerals.com) or contact the following:

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**Notes**

Premier African Minerals Limited (AIM: PREM) is a multi-commodity exploration and development company focused in Southern and West Africa. The Company has a diverse portfolio of multi-commodity projects which includes tungsten, rare earth elements, gold, lithium, tantalum and uranium in Zimbabwe and Togo, which span from brownfield projects with near-term production potential to grass-roots exploration.

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