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Premier African Minerals Limited  
09 October 2015

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

**For immediate release**

**9 October 2015**

**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, announces that the Company signed a subscription agreement ("Subscription Agreement") today for 36 unsecured convertible loan notes ("Loan Notes") at an issue price of £22,500 per Loan Note, amounting to aggregate net proceeds of £810,000. The proceeds of the Loan Notes issue will be used to provide additional working capital for the Company during the re-opening of underground operations and final stages of the ramp up to Q1 2016 when RHA Tungsten (Private) Limited ("RHA"), Premier's Tungsten Project located in Zimbabwe, is expected to commence loan repayments to Premier. Premier is the operator of RHA and holds a 49% interest. Subscription for the Loan Notes has been arranged by Darwin Strategic Limited ("Darwin").

**George Roach, CEO, commented:**

"Effectively, RHA Tungsten should have been contributing to loan repayments from July 2015. Whilst the delay in attaining profitability is disappointing, we have confidence in the future of this project as a significant contributor in the medium term. RHA remains responsible for the repayment of the full, true cost of debt and that includes the effective cost of any equity placed pursuant to a conversion of loan notes. Confidence in the ability of RHA to repay Premier in full, is my single most important concern as this assures a strong future for Premier. In effect, the more dilutive repayment of debt becomes, the greater the indebtedness of RHA to Premier".

**Terms of the Loan Notes**

The par value of each Loan Note issued is £25,000. The issue price is 90% of the par value, equivalent to £22,500 per Loan Note. The Loan Notes will be redeemed at par value (amounting to £900,000 in aggregate) after a period of 12 months from the date of the Subscription Agreement, unless otherwise repaid or converted. The Loan Notes will be issued in three tranches with the first 22 Loan Notes ("Tranche 1") being issued today ("Issue Date 1"). The Company may elect to issue a further 7 Loan Notes ("Tranche 2") at any time between sixty (60) and one hundred (100) trading days following Issue Date 1 ("Issue Date 2") and a further 7 Loan Notes ("Tranche 3") at any time between twenty (20) and fifty (50) trading days following Issue Date 2 ("Issue Date 3"). Both parties have the ability to bring forward the issuance of the two further tranches by twenty trading days by mutual consent.

In the event that following Issue Date 1 Premier's volume weighted average daily share price is below 1 pence for five or more trading days, then the issue of Tranches 2 and 3 will also be subject to the

prior consent of Darwin. Darwin has the right to convert any number of issued Loan Notes into new Premier ordinary shares at any time in its absolute sole discretion. The number of new Premier ordinary shares to be issued on conversion will be equal to the number of Loan Notes being converted multiplied by the redemption price of each Loan Note (being £25,000) divided by the lesser of the conversion price or the market share price ("Conversion Feature").

The conversion price is the lesser of 1.363 pence (calculated as 133% of the closing price of a Premier ordinary share on the trading day prior to Issue Date 1) and the market share price (calculated as the arithmetic average of the volume weighted average Premier ordinary share price for the five consecutive trading days preceding conversion) multiplied by 90%.

The Loan Notes are callable in cash by Premier at 105% of the par value at any time from their relevant issue date ("Early Redemption Notice"). On receipt of an Early Redemption Notice, Darwin may elect to convert some or all of the Loan Notes being called into new Premier ordinary shares or accept the cash repayment. 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.

Darwin has also been issued with warrants to subscribe for 21,951,220 new ordinary shares at an initial exercise price of 1.025 pence per new ordinary share. The warrants can be exercised within 3 years (and 7 days) of their issue. The warrant terms shall be adjusted in certain circumstances to protect the holders of the warrants from dilution if Premier issues further new Premier ordinary shares without providing the holders of the warrants participatory or pre-emptive rights.

#### Enquiries

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#### Notes

Premier African Minerals Limited (AIM: PREM) is a multi-commodity mining and 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 Togo, 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.

Ends

