

**For immediate release**

**29 April 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, is pleased to announce that the Company signed a subscription agreement (“Subscription Agreement”) on 28 April 2015 for 66 Loan Notes for a gross value of £1,650,000. Each Loan Note has a face value of £25,000. The Loan Notes are repayable at the rate of seven per month from the 1<sup>st</sup> October 2015, and failing repayment, may be converted to Premier shares at 90% of the then ruling market price. Subscription for the Loan Notes has been arranged by Darwin Strategic Limited (Darwin). The Loan Notes will be issued in three tranches, the first 18 Loan Notes (“Tranche 1”) being issued today, a further 30 Loan Notes being issued on 3 May 2015 (“Tranche 2”) and the remaining 18 Loan Notes being issued on 1 June 2015 (“Tranche 3”). The issuance of Tranches 2 and 3 are conditional on certain milestones being met. The net proceeds from the Loan Notes will be used to fund the development of RHA Tungsten (Private) Limited (“RHA”), Premier’s flagship Tungsten Project located in Zimbabwe. Premier is the operator of RHA and holds a 49% interest.

**George Roach, CEO, commented:**

“RHA Tungsten is now fully funded into production based on current budgets. The most encouraging aspects of this financing instrument are that there is no shareholder dilution at this time, a real opportunity to repay debt and in so doing, avoid any equity conversion and at the same time, any failure to meet a repayment when due will not constitute a default, but rather a trigger affording a right for Note Holders to convert the notes due at that time only to equity at 90% of the then ruling share price.”

**Terms of the Loan Notes**

For each £25,000 Senior Secured Convertible Loan Note issued, Premier will receive 85% of the Par Value, equivalent to £21,250 per Loan Note. The Loan Notes will redeem after a period of 18 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.

The issue of Tranches 1 to 3 under the Subscription Agreement is subject to certain conditions, including no material breach of warranties and the achievement of a number of milestones as follows:

- Tranche 1 (aggregate Par Value of £450,000) – on signing of the Subscription Agreement.
- Tranche 2 (aggregate Par Value of £750,000) – on 3 May 2015 subject to confirmation in a form satisfactory to Darwin from Appropriate Process Technologies, the manufacturer of the

process plant, that the process machinery and equipment for the RHA Tungsten mine is ready for shipment.

- Tranche 3 (aggregate Par Value of £450,000) – on 1 June 2015 subject to the Company demonstrating to Darwin’s satisfaction that the process plant and equipment for the RHA Tungsten mine has been delivered to the mine site and has assembled and commissioned.

From 1 October 2015, each month Premier will redeem 7 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 7 Loan Notes at 105% of Par Value into new ordinary shares in the capital of Premier (“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 preceding conversion (“Conversion Feature”).

In addition, the Loan Notes have certain conversion triggers that, for as long as the relevant event remains in breach, 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 process plant is not producing by 1 July 2015.
- The APT price as quoted by Bloomberg for five consecutive trading days is at or below \$230 per mtu or such lower price as may be mutually agreed between the Company and Darwin subject to the Company securing sales contracts or off-take contracts at discounts less than 35 per cent. of the spot price.
- The WO<sub>3</sub> percentage contained in the Company’s monthly production is below 60 per cent.

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. As long as any Loan Note remains in issue, the Company may not make any repayment of or convert into Ordinary Shares any amounts owed to George Roach under the existing Working Capital Facility or Bridge Facility provided by George Roach to the Company.

The Loan Notes are secured by a fixed and floating charge over the assets of the Company. 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 \$1 per share (the “Circum Shares”). In the event of a default by the Company under the terms of the Loan Notes, George Roach will be required by the Company to purchase its entire holding of Circum Shares for \$2 million in cash, the proceeds of which will be used to settle any outstanding 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 to subscribe for 16,673,684 new Ordinary Shares at an exercise price of 2.96875 pence per new Ordinary Share. The warrants can be exercised within 3 years (and 7 days) of their issue.

### **Enquiries**

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### **Notes**

Premier African Minerals Limited (AIM: PREM) is a multi-commodity exploration and development company focused in Southern and Western Africa with near term production at its flagship RHA Project in Zimbabwe.

The Company has a diverse portfolio of projects, which include 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 holds 2 million shares in 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\$2.5 million based on the latest price at which Circum has accepted subscriptions.

### **Glossary of Technical Terms**

“**APT price**” means ammonium para-tungstate.

“**mtu**” means metric ton unit, i.e. 10Kg of contained WO<sub>3</sub> in concentrate.

“**WO<sub>3</sub>**” is tungsten trioxide.

**Ends**