

18 January 2016

Premier African Minerals Limited
(“Premier” or the “Company”)
Underground Implementation Update at RHA Tungsten Mine
Corporate Update

Premier African Minerals Limited, the AIM-traded, multi-commodity mining and resource development company focused on Southern and Western Africa, is pleased to provide details of the Underground Implementation at its RHA Tungsten Mine (“RHA”), in respect of which the Company is the operator and holds a 49% interest. Underground development is based on an internal study prepared by RHA with input provided by Whaleside Shaft Sinkers Zimbabwe. The completion of the internal study by RHA supports the Board’s decision to investigate and accelerate underground development as discussed in previous announcements (15 September 2015 and 27 October 2015).

Highlights

The highlights of the implementation study are as follows:

- Six month underground mining plan on 926 level while re-equipping of vertical shaft to 870 level implemented from November 2015;
- Estimated capital cost of US\$406,000;
- Project schedule for equipping vertical shaft hoist and commissioning of operations on 870 level remains on schedule for February 2016, and
- Positive operational cash flow from RHA (before capital expenditure and working capital) expected in spring 2016.

George Roach, CEO, commented: “RHA was always planned, in the longer term, to be an underground mine. Unforeseen developments during the initial open pit operations led the Company to accelerate the move to underground mining. This change in strategy has resulted in the need to finance company overheads for an extended period without recourse to cash flow generated from the open pit and finance substantial additional debt generated by RHA. We have been successfully extracting and stockpiling ore from underground since late November 2015 and we now anticipate RHA to generate positive operational cash flow during the course of spring 2016. The Company also anticipates a liquidity event in relation to its interest in Circum Minerals Limited during 2016. These two events should significantly strengthen the company’s balance sheet. I would like to thank the shareholders for their support and look forward to providing a revised resource estimate for RHA in the coming days.”

Underground Implementation

RHA Tungsten Mine and Whaleside Shaft Sinkers Zimbabwe, the appointed mining contractor at RHA, are in the process of implementing the necessary works to allow underground mining

operations, at present limited to the 926 “adit” access level, to be extended to the 870 and 856 lower levels. The decision to accelerate underground development was discussed in our announcements dated 15 September 2015 and 27 October 2015. RHA’s implementation plan is based on targeting the processing of approximately 32,000 tonnes of run of mine ore at an average grade of 6.20 kg/t (based on the historic non-compliant resource) to produce 249 tonnes of concentrate at 63% WO₃ over a six month period from February 2016 – chip sampling on priority areas was completed to determine grade estimates for input into the study. In addition, during this period we will consider test work on open pit ore and possible implementation of XRT based ore upgrading and underground development will continue to allow extraction from the compliant resource situated below the open pit operations in the future.

The capital cost for the underground operations is estimated at approximately US\$406,000 and is based on firm quotations and budget quotes from suppliers with significant contribution from Whaleside Shaft Sinkers Zimbabwe.

Mining on the 926 level began in November 2015 and will continue until the installation and commissioning of production infrastructure on the 870 level is completed. First production and positive operating cash flow from RHA (before capital expenditure and working capital) is expected in spring 2016.

Review

The information set out in this announcement is sourced directly from an internal report commissioned by Premier and prepared by RHA Tungsten Mine with significant input from Whaleside Shaft Sinkers Zimbabwe. Werner Swanepoel has reviewed and signed off the report. Mr Swanepoel has 21 years’ experience in the Southern African mining industry and holds a Master’s degree in Mining Engineering, an MBA and Mine Manager’s Certificates in both Metalliferous and Coal Mining. He is a registered Professional Engineer with the Engineering Council of South Africa.

Resource Estimate

Premier now anticipates that the update to the RHA resource statement will be released before the end of this month. The preparation of the update was delayed following the need to review the open pit ore for purposes of possible bulk mining following successful test work using XRT technology.

Loan Notes

The full terms of the loan notes issued to Darwin Strategic Limited (“Darwin”) were set out in the announcement dated 29 April 2015. Any loan notes not repaid when due (at the rate of seven loan notes at the beginning of each month), may be converted at Darwin's election into new Ordinary Shares in Premier at any time thereafter. No loan notes were redeemed on the redemption date in January 2016 and the Company has not received any conversion notice since December (as fully announced on 18 December 2015). The Company has and will announce without delay the issue of

any new Ordinary Shares following receipt of a conversion notice. Similarly, the Company has and will announce without delay any repayment by it of any loan notes should such repayment be made.

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 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.

Glossary of Technical Terms

“mtu”: metric ton unit, i.e. 10kg of WO_3 in concentrate.

“ WO_3 ”: tungsten trioxide.

“XRT technology”, an X-ray sorting technique where specific mineral (e.g. wolframite) bearing rock can be separated from specific mineral-poor rock and other impurities. This upgrades in metal terms, the material feed to the plant and lowers the tonnage of rock requiring processing, which results in substantially improved economics for mineral processing operations.

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