

**For immediate release**

**10 June 2016**

**Premier African Minerals Limited**

**(“Premier” or “the Company”)**

**Final Results**

Premier African Minerals Limited, the AIM quoted multi-commodity mining and resource development company focused on Southern and Western Africa, today announces its final results for the year ended 31 December 2015.

**Executive Chairman and CEO’s Statement**

The Company made significant progress in 2015, completing the planned development of the RHA Tungsten Mine (‘RHA’) in Zimbabwe, which included the installation and financing of the processing plant and the transition from exploration to development and mining. Importantly, Premier demonstrated its ability to overcome a number of operational issues that caused delays to our original timeline. Post-period end, RHA has finished re-equipping the 120-metre shaft and commenced delivery of ore from the lower levels of the mine. These developments reaffirm Premier’s confidence in the future.

The past year saw a great deal of time devoted to developments at RHA, which extended into the earlier part of 2016. However, in the last few months we have looked to continue to diversify Company revenue streams to mitigate risks associated with mineral exploration and development projects.

Premier has always sought to build shareholder value through diversification by building a multi-commodity mining and natural resource group. Examples include the deal concluded with Circum Minerals Limited (‘Circum’), described in our 2015 Annual Report, that sees Premier holding just under 2% of the shares in Circum. In March this year, Circum, which is developing a significant potash deposit in the Danakil Basin of Ethiopia, reported the results of an optimised definitive feasibility study that included an after tax net present value of \$2.1 billion (at a 10% real discount rate). Premier has conservatively valued its holding in the Company at \$4 million, being the fair value of the shares at Circum’s most recent private placement price.

Subsequent to our year end, Premier announced a binding MOU to acquire 52% of the equity in TCT Industrias Florestais Limitada (‘TCT’), which owns a substantial limestone deposit located on rail in the Sofala Province of Mozambique. This investment follows our strategy of revenue diversification and exploration risk mitigation, without sacrificing the upside that successful mine development should deliver. The forestry division of TCT is also expected to generate revenue from the date that the deal is closed. Combined with expected positive operational cash flow at RHA and an anticipated liquidity event from Circum, the investment in TCT should make Premier less dependent on direct equity placements to finance operations in the near future.

**RHA Tungsten Mine**

Various RNS statements during the past eight months have described in detail the progress, events and difficulties encountered at RHA. Profitable production requires the processing of adequate tonnage, at anticipated grade, with recovery of sufficient wolframite concentrate. Due to operations in the open pit failing to deliver ore at the anticipated grade, Premier had to suspend its operations in early November 2015. Specifically, mine dilution could not be adequately managed and there

were difficulties experienced in clearly identifying the mineralised zones described in the resource model. A review of the contained tungsten in the pit envelope was concluded and, simultaneously with this, it was decided that Premier should investigate X-ray based ore upgrading as a means to pre-concentrate run of mine material. Initial test work was positive and RHA has an approach that could result in an upgrade of pit material such that profitable operation of the pit may still be possible. Bulk testing is expected to conclude in June 2016 and a final decision in regard to the pit will be taken thereafter.

The Board always anticipated that RHA would be an underground mine and the decision was taken to re-equip the existing vertical shaft and expedite underground operations. The shaft has now been commissioned, and over and above ore mined from the adit level underground, RHA now expects to build tonnage from underground operations to 9,000 tons per month from June 2016.

Apart from difficulties described above, the plant has experienced a series of issues from inception. A protracted period of negotiation with the plant supplier has finally resulted in committed undertakings from the plant supplier to deal with imperative modifications and other fixes by 6 July 2016.

RHA has dramatically reduced expenditure as it was not possible to meet the initial projected costs of production (\$89 per metric ton unit of wolframite) due to the factors set out above. The recent substantial increase in the price of Ammonium Para-tungstate is expected to contribute significantly to future profitability when these factors are met and we remain confident that RHA will generate positive operational cash flow in due course. At the financial year-end, RHA is indebted to Premier to the extent of \$13.5 million (2014: \$8.7 million).

#### **Other Zimbabwe Projects**

Premier holds claims to a number of other prospective projects in Zimbabwe. These include the Zulu Lithium and Tantalum pegmatites ('Zulu Lithium') at Fort Rixon, Tinde Fluorspar, Globe multi-element and graphite and Rare Earth Elements at Katete. Whilst RHA has taken centre stage over the past years, there has been development of the exploration program at Zulu Lithium. After removing the samples from Zimbabwe for shipment to Germany for testing and flow sheet development, damage to the packaging in transit caused delays. These have now been resolved. We expect initial reports in June 2016. At the same time, tantalum has been identified in alluvium and initial pitting and assay work has indicated favourable grades for possible development of a tantalum resource and recovery plant.

Premier is in discussion with a number of different parties in Zimbabwe regarding other pegmatite deposits that may be similar to Zulu Lithium. The Company will inform the market should any of these progress to an agreement.

During the year capitalised costs relating to Katete and Tinde were impaired. The Company plans to retain the claims. However, there are no immediate plans to develop them whilst the Group focuses on other key projects.

#### **Togo and West Africa Operations**

Our operations in West Africa remain largely dormant at this time. It is likely that we will discontinue operations in Togo in the near future unless there is some resolution to on-going issues with the Ministry of Mines.

#### **Board and Management Changes**

As reported in our AGM, Neil Herbert elected not to stand for re-election. I thank Neil for the years of service and contribution and note that I continue to serve on another board of which Neil is Chairman and my personal relationship with Neil remains strong. In addition, Werner Swanepoel

asked that he be permitted an early termination of his contract as COO, which Premier has agreed to. The Company expects to announce new board appointments in the near future.

### **Funding**

During the year, Premier raised combined net proceeds of \$7.16 million through the issue of loan notes, the raising of capital from direct subscriptions and from borrowings.

Subsequent to the year-end, Premier raised gross proceeds of £2.142 million (\$3.065 million) in direct subscriptions, the most recent of which was a placement for £1.1m (\$1.584 million) simultaneous with the announcement of the proposed acquisition of 52% of TCT.

### **Outlook**

We have made significant strides during the last 12 months to move our Company from the exploration and development phase to become a producer. Despite the difficulties we have experienced, I look forward to general improvements in operating conditions and the development of cash generative subsidiaries, particularly in Q3 and Q4 2016. I look forward to developments at Zulu Lithium, commencing exploration on the limestone deposits in Mozambique and a possible liquidity event from Circum.

I would like to take this opportunity to thank the shareholders and Directors for their continued support and confidence in Premier. We are in a fortunate position within the industry as we see revenue from production from first shipments of wolframite concentrate in the very near term and I look forward to updating shareholders in the year ahead.

George Roach

*Executive Chairman and CEO*

9 June 2016

## **PREMIER AFRICAN MINERALS LIMITED**

### **STRATEGIC REPORT**

#### **Principal activities and review of the business**

The principal activity of Premier African Minerals Limited (“Premier” or “the Company”) and its subsidiary companies (“the Group”) during the year under review is the mining and exploration, evaluation and development of natural resource properties on the African continent. During the year, the Group moved from explorer/developer to producer with its flagship project, the RHA Tungsten Mine, located in Zimbabwe.

Premier was incorporated on 21 August 2007 in the British Virgin Islands (“BVI”) as a BVI business company with number 1426861. The registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands. The Company was admitted to trading on the London Stock Exchange’s AIM Market on 10 December 2012.

A detailed business review of the year and future developments is included in the Executive Chairman and CEO’s statement.

#### **Objectives**

During 2016, the primary focus will be on attaining positive operating cash flow at the RHA Tungsten Mine through general improvements in operating conditions and the development of other cash generative subsidiaries. The Group also expects to further develop its Zulu Lithium Project and commence exploration on the limestone deposits in Mozambique once the TCT acquisition completes.

#### **Principal risks and uncertainties**

The Group is subject to a number of risks and uncertainties which could have a material effect on its business, operations or future performance, including but not limited to:

##### **Operating risks**

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in rock formation characteristics and mineral recovery, encountering unanticipated ground or water conditions, land slips, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses.

Should any of these risks and hazards affect the Group’s exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to extract minerals from the Group’s properties, require the Group to write-down the carrying value of one or more of its assets, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability, any and all of which may have a material adverse effect on the Group.

##### **Early stage business risk**

The Group has recently recorded some revenue from operations at RHA and is expected to generate ongoing revenue once underground mining operations are stable. The Group’s success will depend on its ability to raise capital and generate cash flows from production in the future. The Board manages this risk by monitoring cash levels and reviewing cash flow forecasts on a regular basis.

## **PREMIER AFRICAN MINERALS LIMITED**

### **STRATEGIC REPORT**

#### **Early stage project risk**

The Group's flagship project, RHA Tungsten has moved into production during 2015 but all other projects are at an early stage of development. In advancing these projects to the stage where they may be cash generative, many risks are faced, including the inherent uncertainty of discovering commercially viable reserves, the capital costs of exploration, competition from other projects seeking financing and operating in remote and often politically unstable environments. While discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditure may be required to establish reserves and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. Whether a mineral deposit will become commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, proximity to infrastructure, financing costs and governmental regulations. The effect of these factors can only be estimated and cannot be accurately predicted.

#### **Environmental risks and hazards**

All phases of the Group's operations are subject to environmental regulation in the areas in which it operates. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Group holds interests that are unknown to the Group at present. The Board manages this risk by working with environmental consultants and by engaging with the relevant governmental departments and other concerned stakeholders.

#### **Political and regulatory risk**

The Group's operating activities in Africa, notably in Zimbabwe and Togo, are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. The Group is dependent on the political and economic situation in these countries and may be adversely impacted by political factors such as expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations.

#### **Internal control and financial risk management**

The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. The Group maintains systems which are designed to provide reasonable but not absolute assurance against material loss and to manage rather than eliminate risk.

The key features of the Group's systems of internal control are as follows:

- Management structure with clearly identified responsibilities
- Production of timely and comprehensive historical management information presented to the Board
- Detailed budgeting and forecasting
- Day to day hands on involvement of the Executive Directors and Senior Management

## **PREMIER AFRICAN MINERALS LIMITED**

### **STRATEGIC REPORT**

- Regular board and meetings and discussions with the Non-executive directors

The Group's activities expose it to a number of financial risks including cash flow risk, liquidity risk and foreign currency risk. Disclosure of management's objectives, exposure and policies in relation to these risks can be found in note 30 to these financial statements.

#### **Environmental policy**

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it complies with all local regulatory requirements and seeks to implement a best practice approach to managing environmental aspects.

During 2015, the RHA Tungsten Project located in Zimbabwe was granted approval of its Environmental Impact Assessment and hence permission to commence mining operations by the Environmental Management Agency of Zimbabwe.

#### **Health and Safety**

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group provides ongoing training and support to employees and sets demanding standards for workplace safety.

#### **Going Concern**

These consolidated financial statements are prepared on the going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. The Group has incurred significant operating losses and negative cash flows from operations as the Group moved from development and exploration into production during the year under review.

During the year, the Group raised £2.715 million (\$4.142 million) in net funding through both secured and unsecured loan notes, \$800,000 from both related and non-related party borrowings, net funds of £1.43 million (\$2.2 million) through share and warrant subscriptions and received its final \$1 million in consideration from the disposal of its share in a joint venture to Circum Minerals Limited concluded in May 2014 to fund the construction of the RHA Tungsten Mine to production and to fund working capital. Subsequent to the year-end, the Group raised a further £2.142 million (\$3 million) in share subscriptions. There remains an active and very liquid market for the Group's shares.

The Directors have prepared cash flow forecasts for the period ended 30 June 2017, taking into account forecast operating cash flow and capital expenditure requirements for its RHA Tungsten Mine, available working capital and forecast expenditure for the rest of the Group including overheads, other development costs and acquisitions costs and operating cash flows for its most recent target acquisition.

In the event that Ammonium Para-tungstate ('APT') prices remain soft and do not strengthen, the Group will need to obtain additional finance or equity to fund its operations and other project development activities for the period to 30 June 2017. The cash flow forecast is as much dependent on production targets being met at RHA, as the price of APT remaining stable during the period to 30 June 2017.

The Board also believes that it has a valuable asset in the Circum shares whose estimated fair value at 31 December 2015 was \$4 million. The Board believes that the value of the shares has increased further given Circum has completed and announced an Optimised Definitive Feasibility Study and also appointed Morgan Stanley & Co. International Plc as financial advisor to conduct a strategic review of the project with a focus on introducing third party investors. The Board anticipates a

## **PREMIER AFRICAN MINERALS LIMITED**

### **STRATEGIC REPORT**

liquidity event later this year. This may represent an opportunity for the Group to dispose of its shares in Circum for cash at significant uplift. Any potential cash proceeds from a Circum sale have not been included in the Group cash flow at this time. Should a Circum sale occur it is unlikely that the Group would need to raise further funding for the next 12 months.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group will be able to obtain adequate resources to enable it to undertake its planned activities for the period to 30 June 2017 either from production or from additional fund raising and have prepared these consolidated financial statements on the going concern basis. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

George Roach

Executive Chairman and CEO

9 June 2016

## **PREMIER AFRICAN MINERALS LIMITED**

### **DIRECTORS' REPORT**

The Directors submit their Annual Report on the affairs of the Group together with the Group financial statements and Auditor's Report for the year ended 31 December 2015.

#### **Results and Dividends**

The audited financial statements for the year ended 31 December 2015 are set out on pages 14 to 52. The Group realised a loss before and after tax of \$7,862,000 for the year ended 31 December 2015 (2014: \$537,000).

The operating loss includes:

- Gross loss of \$1,453,000 on its RHA Tungsten Mine operations (2014: \$nil);
- Impairment charge of \$844,000 on exploration and evaluation assets in Zimbabwe (2014: \$137,000) (refer note 13);
- Charge of \$308,000 (2014: \$421,000) for share options awarded during 2015 (refer note 8), and
- Depreciation and amortisation expense of \$714,000 (2014: \$10,000).

As the Company moved into production during the year and incurred losses for the financial year 2015, the Directors do not recommend payment of a dividend in respect of the financial year under review.

#### **Fundraising and Capital**

Net funds of \$2,218,000 (2014: \$733,000) were raised through equity, through direct subscriptions and the exercise of warrants and options, during the financial year 2015 from the issue of share capital (refer note 24).

During the year, the Company raised net proceeds of \$4,142,000 (£2,715,000) from the issue of three separate loan notes to Darwin Strategic Limited ('Darwin') primarily to fund the construction of its RHA Tungsten Project. Loan notes one and three for combined gross value of £1,725,000 (\$2,619,000) were fully settled from the issue of equity during the year. £525,000 of £1,650,000 in loan notes was settled on loan note 2 with the issue of equity, with £1,125,000 outstanding at the financial year-end. Loan note 2 was fully settled by the issue of equity subsequent to the financial year-end.

Further information on the Darwin loan notes is included in notes 23, 24 and 33.

The Chairman provided additional bridge loan financing of \$550,000 (2014: \$810,000) during the year. No repayments under the loan facilities were made (2014: \$621,000). On 4 December 2015, 79,945,167 shares were issued to the Chairman for \$650,000 (£430,105) of the loans at a conversion price of 0.538 pence per share. On 11 December 2015, a further 21,087,680 shares were issued to the Chairman for \$144,119 (£95,000) of the loans at a conversion price of 0.4505 pence per share.

In addition, the company raised \$250,000 from AgriMinco Corp. on an unsecured loan.

Further information on these transactions is included in notes 21 and 24.

#### **Events after the reporting date**

At the date these financial statements were approved, being 9 June 2016, the Directors were not aware of any significant events after the reporting date other than those set out in note 33 to the financial statements.



## PREMIER AFRICAN MINERALS LIMITED

### DIRECTORS' REPORT

#### Directors

The Directors of Premier who served during the period and subsequently were:

- George Roach (appointed on incorporation April 2007)
- Pamela Hueston (appointed 15 March 2012, reappointed 30 January 2015)
- John (Ian) Stalker (appointed 4 December 2012, reappointed 22 April 2016)
- Neil Herbert (appointed 20 August 2013, retired 22 April 2016)
- Michael Foster (appointed 26 February 2015)

#### Substantial Shareholders

Premier has been notified as of 9 June 2016 of the following interests in excess of 3% of its issue share capital:

	Number of ordinary shares	% of issued share capital
Coc'Roach Limited <sup>1</sup>	125,559,109	6.7%
ZRH Nominees (0105) Ltd. <sup>2</sup>	79,936,153	4.2%
George Roach	151,028,714	8.0%
	<b>356,523,976</b>	<b>18.9%</b>

Notes:

1. Coc'Roach Limited is owned by the Coc'Roach Trust. The Coc'Roach Trust is a partial discretionary trust pursuant to the terms of which George Roach and his family may fall within the class of potential beneficiaries.
2. ZRH Nominees (0105) Ltd. is a BVI company set up to act as nominee for Corestar Holdings Ltd. Corestar Holdings Ltd. is a BVI company which is wholly owned by the Corestar STAR Trust, a trust established for the furtherance of certain purposes which could include the provision of benefits to George Roach and his family, at the discretion of the trustees of the trust.

#### Corporate Governance

The Directors observe the requirements of the UK Corporate Governance Code as modified by the recommendations of the Quoted Companies Alliance ("QCA") to the extent they are considered appropriate in light of the Company's size, stage of development and resources.

#### Board Structure

At the reporting year-end, the Board had five directors, three of whom are Non-executive. One Non-executive director retired at the Company's Annual General Meeting subsequent to the year-end (refer note 33). The Board is responsible for the management of the business of the Group, setting its strategic direction and establishing appropriate policies. It is the Directors' responsibility to oversee the financial position of the Company and monitor its business and affairs on behalf of the Shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and risk management. The Non-executive Directors bring a wide range of skills and experience to the

## **PREMIER AFRICAN MINERALS LIMITED**

### **DIRECTORS' REPORT**

Company, as well as independent judgment on strategy, risk and performance. The Non-executive Directors are considered by the Board to be independent at the date of this report.

#### **Board Committees**

##### **Audit Committee**

The Audit Committee consists of three Non-executive Directors; John (Ian) Stalker, Neil Herbert (Committee Chairman) and Michael Foster. Following Neil Herbert's retirement from the board after the financial year-end (refer note 33), John (Ian) Stalker became Committee Chairman. The Audit Committee will meet at least twice a year to consider the annual and interim financial statements. The Terms of Reference of the Audit Committee will be reviewed by the Board at least once a year and are available on the Company's website, or on request from the Company. The Audit Committee is responsible for ensuring that the appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the accounts and internal control systems.

##### **Remuneration Committee**

The Remuneration Committee consists of John (Ian) Stalker, Neil Herbert (Committee Chairman) and Michael Foster. Following Neil Herbert's retirement from the board after the financial year-end (refer note 33), John (Ian) Stalker became Committee Chairman. It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The Committee will make recommendations to the Board, within agreed terms of reference, regarding the levels of remuneration and benefits including participation in the Company's share plan.

##### **Nomination Committee**

The Nomination Committee will meet as required to consider the composition of and succession planning for the Board, and to lead the process of appointments to the Board. The Committee is made up of George Roach (Committee Chairman) and John (Ian) Stalker.

##### **AIM Compliance Committee**

The AIM Compliance Committee comprises John (Ian) Stalker and Neil Herbert and is responsible for monitoring compliance with AIM Rules and liaising with the Company's Nominated Advisor. Following Neil Herbert's retirement from the board after the financial year-end (refer note 33), Michael Foster joined the committee.

## **PREMIER AFRICAN MINERALS LIMITED**

### **DIRECTORS' REPORT**

#### **Statement of Disclosure of Information to Auditors**

As at the date of this report, the Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

A resolution to re-appoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) and to authorise the Directors to determine their remuneration will be proposed at the next Annual General Meeting.

#### **Directors' Responsibilities in respect of the preparation of Financial Statements**

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations. The Directors prepare group financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange ("AIM Rules") to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The group financial statements are required by IFRS as adopted by the EU to present fairly the financial position and performance of the Group.

In preparing the group financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs adopted by the EU;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report includes information required by the AIM Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Premier African Minerals Limited website. The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Directors

Pamela Hueston

Director

9 June 2016

## **PREMIER AFRICAN MINERALS LIMITED**

### **NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER AFRICAN MINERALS LIMITED**

We have audited the group non-statutory financial statements for the year ended 31 December 2015 on pages 14 to 52. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This non-statutory report is made solely to the company's members, as a body, in accordance with the terms of our engagement dated 11 March 2016. Our non-statutory audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a non-statutory auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the group non-statutory financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group non-statutory financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the non-statutory financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

#### **Opinion on non-statutory financial statements**

In our opinion the group non-statutory financial statements:

- Give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its loss for the year then ended; and
- Have been properly prepared in accordance with IFRSs as adopted by the European Union.

**PREMIER AFRICAN MINERALS LIMITED**

**NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER AFRICAN MINERALS LIMITED**

**Emphasis of matter – going concern and carrying value of property, plant and equipment**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 4 and 5 of the financial statements concerning the recoverability of mine assets included in property, plant and equipment and the Group's ability to continue as a going concern.

- Carrying value of property, plant and equipment – note 4 describes the key assumptions that management have made in the value in use calculation for the RHA mine cash generating unit in concluding that the value in use exceeds the carrying amount of \$9.9 million. The key assumptions include production volumes, grade and wolframite prices, as well as discount rate and mine life. As the mine is at an early stage of production, there can be no certainty over these assumptions, which indicates the existence of a material uncertainty in respect of the carrying value of property, plant and equipment.
- Going concern – note 5 describes the uncertainty over production volumes and sales prices achieved at the RHA Mine on which the cash flow forecasts are based and the need for additional fund-raising in the next 12 months, on which the Group is dependent in order to continue operating as a going concern. These factors indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern or adjustments were required to the carrying value of property, plant and equipment.

**Matters on which we are engaged to report by exception**

We have nothing to report in respect of the following matters where we are engaged to report to you, if in our opinion:

- We have not received all the information and explanations we require for our audit.

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

9 June 2016

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2015**

	Notes	2015 \$ 000	2014 \$ 000
Revenue		103	-
Cost of sales	7	(1,556)	-
<b>Gross loss</b>		<b>(1,453)</b>	<b>-</b>
Administrative expenses	8	(3,132)	(3,203)
Depreciation and amortisation expense	15	(714)	(10)
Impairment of exploration and evaluation assets	13	(844)	(137)
<b>Operating loss</b>		<b>(6,143)</b>	<b>(3,350)</b>
Share of Joint Venture results		-	(2)
Loss on settlement of financial instrument		-	(136)
Gain on disposal of interest in AgriMinco Corp		-	679
Gain on extinguishment of debt		-	5
Gain on sale of investment in Joint Venture		-	2,283
Finance costs	10	(1,719)	(16)
		(1,719)	2,813
<b>Loss before income tax</b>		<b>(7,862)</b>	<b>(537)</b>
Income tax expense	11	-	-
<b>Loss for the year</b>		<b>(7,862)</b>	<b>(537)</b>
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit or loss:			
Gain arising on available for sale financial asset	14	1,500	1,100
Foreign exchange translation		50	154
		1,550	1,254
<b>Total comprehensive income for the year</b>		<b>(6,312)</b>	<b>717</b>
<b>Loss attributable to:</b>			
Owners of the parent		(5,992)	14
Non-controlling interests		(1,870)	(551)
<b>Loss for the year</b>		<b>(7,862)</b>	<b>(537)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(4,442)	1,268
Non-controlling interests		(1,870)	(551)
<b>Total comprehensive income for the year</b>		<b>(6,312)</b>	<b>717</b>
<b>Loss per share (expressed in US cents)</b>			
Basic loss per share	12	(0.1c)	0.1c
Diluted loss per share	12	(0.1c)	0.1c

The notes on pages 18 to 52 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2015**

	Notes	2015 \$ 000	2014 \$ 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	13	3,192	6,806
Investment	14	4,000	2,500
Property, plant and equipment	15	9,918	1,040
Other receivables	18	255	255
		<u>17,365</u>	<u>10,601</u>
<b>Current assets</b>			
Inventories	17	183	-
Trade and other receivables	18	426	1,017
Cash and cash equivalents		45	174
		<u>654</u>	<u>1,191</u>
<b>TOTAL ASSETS</b>		<u>18,019</u>	<u>11,792</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other financial liabilities	20	(180)	-
Borrowings	21	(259)	-
Provisions	22	(735)	-
		<u>(1,174)</u>	<u>-</u>
<b>Current liabilities</b>			
Bank overdraft		(62)	-
Trade and other payables	19	(3,049)	(695)
Other financial liabilities	20	(10)	-
Borrowings	21	(549)	(767)
Loan notes	23	(1,230)	-
Derivative financial liability	23	(194)	-
		<u>(5,094)</u>	<u>(1,462)</u>
<b>TOTAL LIABILITIES</b>		<u>(6,268)</u>	<u>(1,462)</u>
<b>NET ASSETS</b>		<u>11,751</u>	<u>10,330</u>
<b>EQUITY</b>			
Share capital	24	21,469	14,792
Merger reserve	25	(176)	(176)
Foreign exchange reserve	26	349	299
Share based payment reserve	27	1,079	1,118
Retained earnings		<u>(9,473)</u>	<u>(6,076)</u>
Total equity attributable to the owners of the parent company		13,248	9,957
Non-controlling interests	32	<u>(1,497)</u>	<u>373</u>
<b>TOTAL EQUITY</b>		<u>11,751</u>	<u>10,330</u>

These financial statements were approved and authorised for issue by the Board on 9 June 2016 and are signed on its behalf.

Pamela Hueston  
Finance Director

George Roach  
Chief Executive Officer

The notes on pages 18 to 52 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2015**

	Notes	2015 \$ 000	2014 \$ 000
<b>Net cash outflow from operating activities</b>	29	<u>(3,099)</u>	<u>(2,438)</u>
<b>Investing activities</b>			
Property, plant and equipment expenditure	15	(4,365)	(1,013)
Exploration and evaluation expenditure	13	(885)	(1,037)
Cash paid on exercise of Danakil option		-	(1,389)
Proceeds from sale of investment in Joint Venture		1,000	5,500
Cash given up on disposal of subsidiary		-	(71)
Costs on disposal of investment in Joint Venture		<u>-</u>	<u>(233)</u>
<b>Net cash (used in)/from investing activities</b>		<u>(4,250)</u>	<u>1,757</u>
<b>Financing activities</b>			
Proceeds from borrowings	21	800	810
Net proceeds from issue of loan notes	23	4,142	-
Net proceeds from issue of share capital	24	2,218	733
Proceeds from term loan		-	2,500
Borrowings repaid		-	(621)
Term loan repaid		-	(2,500)
Cash paid for equity swap less cash returned under the swap		<u>-</u>	<u>(136)</u>
<b>Net cash from financing activities</b>		<u>7,160</u>	<u>786</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(189)</u>	<u>105</u>
Cash and cash equivalents at beginning of year		174	97
Effect of foreign exchange rate variation		<u>(2)</u>	<u>(28)</u>
<b>Net cash and cash equivalents at end of year</b>		<u>(17)</u>	<u>174</u>

The notes on pages 18 to 52 are an integral part of these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2015**

	Share capital	Merger reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest ("NCI")	Total equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>At 1 January 2014</b>	12,599	(176)	145	697	(8,474)	4,791	2,208	6,999
Loss for the year	-	-	-	-	14	14	(551)	(537)
Foreign exchange translation	-	-	154	-	-	154	-	154
Gain on available for sale financial asset	-	-	-	-	1,100	1,100	-	1,100
<b>Total comprehensive income for the period</b>	-	-	154	-	1,114	1,268	(551)	717
<b>Transactions with owners</b>								
Elimination of non-controlling interest on disposal of AgriMinco	-	-	-	-	1,284	1,284	(1,284)	-
Issue of equity shares	2,285	-	-	-	-	2,285	-	2,285
Share issue costs	(92)	-	-	-	-	(92)	-	(92)
Share based payment	-	-	-	421	-	421	-	421
<b>At 31 December 2014</b>	14,792	(176)	299	1,118	(6,076)	9,957	373	10,330
Loss for the year	-	-	-	-	(5,992)	(5,992)	(1,870)	(7,862)
Foreign exchange translation	-	-	50	-	-	50	-	50
Gain on available for sale asset	-	-	-	-	1,500	1,500	-	1,500
<b>Total comprehensive income for the period</b>	-	-	50	-	(4,492)	(4,442)	(1,870)	(6,312)
<b>Transactions with owners</b>								
Issue of equity shares	6,757	-	-	-	-	6,757	-	6,757
Share issue costs	(80)	-	-	-	-	(80)	-	(80)
Share based payment	-	-	-	(39)	1,095	1,056	-	1,056
<b>At 31 December 2015</b>	21,469	(176)	349	1,079	(9,473)	13,248	(1,497)	11,751

The notes on pages 18 to 52 are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Premier African Minerals Limited ('Premier' or 'the Company'), together with its subsidiaries (the 'Group'), was incorporated in the Territory of the British Virgin Islands under the BVI Business Companies Act, 2004. The address of the registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands.

The Group's operations and principal activities are the mining and development of mineral reserves on the African continent.

Premier's shares were admitted to trading on the London Stock Exchange's AIM market on 10 December 2012.

### 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in issue and as endorsed by the European Union. IFRS includes interpretations issued by the IFRS interpretations Committee (formerly IFRIC).

The consolidated financial statements have been prepared on the historical cost convention and on a going concern basis. The preparation of financial statements in conformity with EU adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The accounting policies set out below are consistent across the Group and to all periods presented in these financial statements.

### 3. Significant accounting policies

#### Accounting for merger

On 4 December 2012, Premier entered into an agreement (conditional on AIM admission) to issue shares to acquire 100% of the shares in ZimDiv Holdings Limited ('ZimDiv'). Prior to this transaction, Premier and ZimDiv were controlled by Mr. George Roach and consequently this transaction is outside the scope of IFRS 3 "Business Combinations". This transaction has been accounted for as a merger, which is consistent with the aggregation presentation used in the AIM Admission Document. The difference between the share capital issued by Premier to acquire ZimDiv and ZimDiv's issued share capital is accounted for as a merger reserve.

#### Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. This is evidenced with RHA Tungsten (Private) Limited which the Group owns 49% of but is consolidated into the Group (refer note 4).

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries are consolidated, using the acquisition method, from the date that control is gained and non-controlling interests are apportioned on a proportional basis.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue, but not effective for the year ended 31 December 2015:

Title	Subject	Effective date
IFRS 5	Non-current assets held for sale and discontinued operations (amendment)	1 Jan 2016
IFRS 7	Financial instruments – Disclosure (amendment)	1 Jan 2016
IFRS 9	Financial instruments – Classification and Measurement	1 Jan 2018
IFRS 10	Consolidated Financial Statements (amendment)	1 Jan 2016
IFRS 12	Investment Entities: Applying the Consolidation Exception	1 Jan 2016
IFRS 11	Joint arrangements (amendment)	1 Jan 2016
IFRS 14	Regulatory Deferral Accounts	1 Jan 2016
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 16	Leases	1 Jan 2019
IAS 1	Presentation of Financial Statements (amendment)	1 Jan 2016
IAS 7	Statement of Cash Flows (amendment)	1 Jan 2017
IAS 12	Income Taxes (amendment)	1 Jan 2017
IAS 16	Property, Plant and Equipment (depreciation)	1 Jan 2016
IAS 19	Employee Benefits (amendment)	1 Jan 2016
IAS 27	Separate Financial Statements (amended May 2011)	1 Jan 2016
IAS 28	Investments in Associates and Joint Ventures (amended May 2011)	1 Jan 2016
IAS 34	Interim Financial Reporting	1 Jan 2016
IAS 38	Intangible assets (amortization)	1 Jan 2016
IAS 41	Agriculture	1 Jan 2016

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Adoption of the above is not expected to have a material impact on the Group financial statements.

### Revenue

During the year, the Group moved from an exploration and development company to an operating company with revenue of \$103,000 (2014: \$nil) earned from the sale of wolframite concentrate at its RHA Tungsten Mine.

Revenue from the sale of wolframite concentrate is recognised in profit or loss when the product is sold. A sale occurs when the significant risks and rewards of ownership have been transferred to the buyer. Ownership is transferred when the concentrate is delivered to the buyer's designated port and a certificate of delivery is obtained.

### Foreign currencies

The Group's functional and presentation currency is US Dollars.

Foreign currency transactions are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

### Taxation

The Group has no taxable profit during the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Exploration and evaluation assets

The Group applies the full cost method of accounting for Exploration and Evaluation ('E&E') costs, having regard to the requirements of IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Under the full cost method of accounting, costs of exploring for and evaluating mineral resources are accumulated by reference to appropriate cost centres being the appropriate licence area and/or licence areas held under option agreements. An option agreement grants the option holder the right to explore and evaluate mineral resources, and to acquire the licences at a later date at the discretion of the option holder. Exploration and evaluation assets are tested for impairment as described further below. Where appropriate, licences may be grouped into a cost pool.

All costs of E&E are initially capitalised as E&E assets, such as payments to acquire the legal right to explore, including option payments, costs of technical services and studies, seismic acquisition, exploratory drilling and testing. Intangible costs include directly attributable overheads together with the cost of other materials consumed during the exploration and evaluation phases.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to profit or loss as they are incurred.

E&E costs are not amortised prior to the conclusion of appraisal activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E&E assets related to each exploration licence or pool of licences are carried forward, until the existence (or otherwise) of commercial reserves has been determined. Once the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the related E&E assets are assessed for impairment on an individual licence or cost pool basis, as appropriate, as set out below and any impairment loss is recognised in profit or loss. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as property, plant and equipment.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 *Exploration for and Evaluation of Mineral Resources* and include the point at which a determination is made as to whether or not commercial reserves exist.

Where the E&E assets concerned fall within the scope of an established cost pool, the E&E assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash-generating unit.

The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves.

When a licence or pool of licences is abandoned or there is no planned future work the costs associated with the respective licences are written off in full.

Any impairment loss is recognised in profit or loss and separately disclosed.

The Group considers each licence, or where appropriate, a pool of licences, separately, for the purposes of determining whether impairment of E&E assets has occurred.

### **Inventory**

Inventory is valued at the lower of cost and net realisable value. The cost of inventories is based on the cost of consumables and cost of production. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### **Property, plant and equipment**

Property, plant and equipment ('PPE') is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all PPE to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Land & buildings – 10 years
- Plant & equipment – 4/5 years
- Mine – see note below
- Assets under construction – see note below

Mine consists of the costs of early works, site preparation, camp upgrade, construction management and exploration and evaluation assets transferred to PPE during the year. Mine assets are depreciated over the life of the mine currently assessed at eight years.

Assets under construction will be transferred to the appropriate category of PPE and depreciated when fully ready to use.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **Impairment of property, plant and equipment**

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Financial instruments**

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, investment in Circum Minerals Limited shares, borrowings, other financial liabilities and trade and other payables.

There is no material difference between the book value and fair value of the Group's financial instruments.

#### *Financial assets*

The Group classifies all its financial assets as loans and receivables or as available for sale investments. Management determines the classification of financial assets at initial recognition.

Loans and receivables are classified as current assets or non-current assets based on their maturity date. Loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the statement of financial position. Loans and receivables are recognised initially at fair value and subsequently carried at amortised cost less any impairment.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, default in payment or a significant deterioration in credit worthiness. Any impairment is recognised in profit or loss.

Subsequent recoveries of amounts previously written off are credited in profit or loss.

Available for sale investments are non-derivative financial assets that are either designated in this category or not classified in any other category of financial asset. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available for sale investments are initially recognised at fair value plus transaction costs and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

subsequently carried at fair value. Changes in fair value are recognised in equity. When available for sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains or losses from available for sale investments.

Available for sale investments are assessed for indicators of impairment at the end of each reporting period. They are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

### *Financial liabilities*

Borrowings and other financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognised in profit or loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### *Convertible loan notes and derivative financial instruments*

The presentation and measurement of loan notes for accounting purposes is governed by IAS 32 and IAS 39. These standards require the loan notes to be separated into two components:

- A derivative liability, and
- A debt host liability.

This is because the loan notes are convertible into an unknown number of shares, therefore failing the 'fixed-for-fixed' criterion under IAS 32. This requires the 'underlying option component' of the loan note to be valued first (as an embedded derivative), with the residual of the face value being allocated to the debt host liability (refer financial liabilities policy above).

### *Valuation method*

The fair value of the derivative liability is determined in accordance with IFRS 13 using an appropriate valuation methodology.

The valuation of the underlying options in the loan notes was done using a Monte Carlo Simulation technique, in particular the Least Squares Algorithm. These models are widely accepted and it is our assessment that provides an appropriate fair value of the underlying options.

According to their terms, the financial derivatives can be converted into shares before their respective expiry dates. The underlying options are therefore of the nature of American options.

The term fair value is defined in IFRS 13: Fair Value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **Equity**

Equity comprises the following:

- Issued share capital - ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Merger reserve represents the difference between the nominal value of shares issued by the Company to the shareholders of ZimDiv Holdings Limited and the nominal value of the ZimDiv shares taken in exchange.
- Foreign exchange reserve represents the differences arising from translation of investments in overseas subsidiaries.
- Share-based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised and the fair value of warrants issued.
- Retained earnings represent retained profits less retained losses.
- Non-controlling interests represents the share of retained profits less retained losses of the non-controlling interests.

### Share based payment transactions

The Group operates an equity-settled share option plan and issues warrants from time to time either with direct subscriptions in equity or as finance related packages. The fair value of the service received in exchange for the grant of options or issue of warrants is recognised as an expense. The fair value of warrants issued as part of a finance related package is charged as finance costs in the profit or loss.

Equity-settled share based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The warrants issued as part of the loan note agreements are also subject to certain reset provisions. The terms of the warrant agreements allow for an adjustment to the exercise price or the quantum of warrants issued depending on a number of circumstances. The fair value of the warrants under any re-pricing event is also valued by use of the Black Scholes model at their current and new price. The difference in fair value is charged to profit or loss as and when a re-pricing event occurs.

### Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

### Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### Finance leases

Leases where the lessee acquires the economic benefits of the use of the leased asset for the major part of its economic life in return for entering into an obligation to pay for that right are classified as finance leases. At commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

or, if lower the present value of the minimum lease payments, determined at the inception of the lease. The discount rate is the interest rate implicit in the lease. Initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **Operating segments**

Segmental information is provided for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed by the Group's board of directors.

## **4. Significant accounting judgments, estimates and assumptions**

In applying the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of certain assets and liabilities recognised in these consolidated financial statements within the next financial year and key judgements are:

### ***Recoverability of exploration and evaluation assets***

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 *Exploration for and Evaluation of Mineral Resources*. If there is any indication of potential impairment, an impairment test is required based on value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of exploration and evaluation assets at 31 December 2015 was \$3,192,000 (2014: \$6,806,000). An impairment of \$844,000 in respect of the Katete and Tinde assets, located in Zimbabwe was recognised in 2015 (2014: \$137,000 in respect of Lubimbi assets).

### ***Date of technical feasibility and commercial viability***

The RHA processing plant was delivered and commissioned during June 2015 with first ore processed while major construction was completed during the same month. Technical feasibility was determined for reporting purposes to be 1 July 2015 and the exploration and evaluation assets attributable to RHA were reviewed for impairment and transferred to PPE at that date.

### ***Recoverability of mine assets***

Determining whether a mine asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IAS36 Impairment of Assets. If there is any indication of potential impairment, an impairment test is required based on value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

During 2015 the operating losses at RHA were much higher than predicted due to operations in the open pit failing to deliver ore at the anticipated grade and APT prices softening to a low of \$125/mtu. This made operations from the open pit uneconomical and operations were suspended in

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

November 2015 to focus on underground mining. Based on these factors management performed an impairment test as prescribed above.

Key assumptions used in generating the discounted cash flow analysis included: 8 year mine plan; APT price of \$213 per metric ton unit ('mtu'); 10% discount rate; 8 year life of mine, and a zero growth rate in operating cash flow. Other key factors include average monthly production of 8,000 tonnes and an average WO<sub>3</sub> grade of 7.07 kg/t over the 8 years. There is no certainty that these assumptions will be achieved.

Sensitivity analysis was conducted on the APT price, which is the key assumption that would cause an impairment charge. An 8% reduction in the APT price from \$213/mtu to approximately \$197/mtu would potentially incur an impairment charge. The model currently uses an APT price of \$213/mtu (current prices are \$213-225/mtu).

The carrying amount of mine assets at 31 December 2015 was \$9,918,000 (2014: \$1,040,000). The mine assets relate to the RHA Tungsten Mine in Zimbabwe. The assessment indicates that no impairment charge was needed for 2015.

### ***Estimation of useful life for mine assets***

Mine assets are depreciated/amortised on a straight-line basis over the life of the mine concerned. Judgment is applied in assessing the mine's useful life and in the case of RHA Tungsten, the Group's only operating concern, is based on the initial Preliminary Economic Assessment ('PEA') first published in August 2013 that initially modelled an 8 year life of mine.

### ***Basis of consolidation***

#### *RHA Tungsten (Private) Limited*

During 2013, Premier concluded a shareholders' agreement with the National Indigenisation and Economic Empowerment Fund ('NIEEF') whereby NIEEF acquired 51% of the shares of RHA Tungsten (Private) Limited ('RHA'). The principal terms of the agreement are as follows:

- ZimDiv Holdings Limited ('ZimDiv'), a wholly owned subsidiary, is appointed as the Manager of the project for an initial 5 year term.
- ZimDiv has marketing rights to the product.
- Each shareholder can appoint up to two directors each, with a 5<sup>th</sup> director who is rotated between each shareholder. The 5<sup>th</sup> director will not have a vote.
- Although the local Zimbabwean company is responsible for financing and repayment of such, Premier has secured the funding to advance RHA to production.
- There has been no operational change since the agreements were signed and Premier continues to fund RHA until it becomes cash generative.

At the financial year-end, two directors of RHA were from the Premier Group and two from NIEEF. A fifth board appointee has not yet been made. There is no majority vote at board level and Premier still retains operational and management control through its shareholders' agreement. Following the assessment, the Directors concluded that Premier, through its wholly owned subsidiary ZimDiv, retained control and should continue to consolidate 100% of RHA and recognise non-controlling interests in the consolidated financial statements.

### ***Valuations***

- Valuation of inventory – judgement was applied in calculating the initial carrying value of inventory and judgment continues to be applied in assessing the net realisable value. See accounting policy regarding inventories.
- Available for sale investment – Premier's shareholding in Circum Minerals Limited ('Circum') is classified as an available for sale investment and as such is required to be measured at fair value

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at the reporting date. As Circum is unlisted there are no quoted market prices. Fair value of the shares was therefore estimated using the most recent placing price of \$2 per share during August 2015 (refer note 14).

- Valuation of warrants, share options and ordinary shares issued as consideration – judgment is applied in determining appropriate assumptions to be used in calculating the fair value of the warrants, shares and share options issued. Refer accounting policy note and notes 27 and 28.
- Valuation of the embedded derivative in the convertible loan notes – judgement is applied in determining appropriate assumptions to be used in calculating the fair value of derivatives associated with the convertible loan notes. Refer accounting policy note and notes 23 and 30.

### ***Environmental restoration and decommissioning obligations***

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or on-going production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate) are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy above.

### ***Going concern***

Judgment is applied in assessing the likelihood and timing of future cash flows associated with the Group's activities. Judgment is also applied in assessing the likelihood of receiving future funding.

## **5. Going concern**

These consolidated financial statements are prepared on the going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. The Group has incurred significant operating losses and negative cash flows from operations as the Group moved from a development and exploration company into operations during the year under review.

During the year, the Group raised £2.715 million (\$4.142 million) in net funding through both secured and unsecured loan notes, \$800,000 from both related and non-related party borrowings, net funds of £1.43 million (\$2.2 million) through share and warrant subscriptions and received its final \$1 million in consideration from the disposal of its share in a joint venture to Circum Minerals Limited concluded in May 2014 to fund the construction of the RHA Tungsten Mine to production and to fund working capital. Subsequent to the year-end, the Group raised a further £2.142 million (\$3 million) in share subscriptions. There remains an active and very liquid market for the Group's shares.

The Directors have prepared cash flow forecasts for the period ended 30 June 2017, taking into account forecast operating cash flow and capital expenditure requirements for its RHA Tungsten

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Mine, available working capital and forecast expenditure for the rest of the Group including overheads, other development costs and acquisitions costs and operating cash flows for its most recent target acquisition.

In the event that Ammonium Para-tungstate ('APT') prices remain soft and do not strengthen, the Group will need to obtain additional finance or equity to fund its operations and other project development activities for the period to 30 June 2017. The cash flow forecast is as much dependent on production targets being met at RHA, as the price of APT remaining stable during the period to 30 June 2017.

The Board also believes that it has a valuable asset in the Circum shares whose estimated fair value at 31 December 2015 was \$4 million. The Board believes that the value of the shares has increased further given Circum has completed and announced an Optimised Definitive Feasibility Study and also appointed Morgan Stanley & Co. International Plc as financial advisor to conduct a strategic review of the project with a focus on introducing third party investors. The Board anticipates a liquidity event later this year. This may represent an opportunity for the Group to dispose of its shares in Circum for cash at significant uplift. Any potential cash proceeds from a Circum sale have not been included in the Group cash flow at this time. Should a Circum sale occur it is unlikely that the Group would need to raise further funding for the next 12 months.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group will be able to obtain adequate resources to enable it to undertake its planned activities for the period to 30 June 2017 either from production or from additional fund raising and have prepared these consolidated financial statements on the going concern basis. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

### 6. Segmental reporting

Segmental information is presented in respect of the information reported to the Directors. The Group moved from an exploration and development phase to operations during the year with its RHA Tungsten Mine and earned some revenue prior to the financial year end.

For the purposes of the current financial year, segmental information has been changed to separately report revenue generating businesses. RHA Tungsten (Private) Limited that operates the RHA Tungsten Mine will be treated as a single segment.

The RHA Tungsten Mine segment derives income primarily from the production and sale of wolframite concentrate. All other segments are primarily focused on exploration and on administrative and financing segments.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

By operating segment	Unallocated Corporate	RHA Tungsten Mine, Zimbabwe*	Exploration Zimbabwe	Total
2015	\$ 000	\$ 000	\$000	\$ 000
<b>Result</b>				
Revenue (1)	-	103	-	103
Impairment of exploration and evaluation assets	-	-	(844)	(844)
Operating loss	(2,356)	(2,910)	(877)	(6,143)
Loss before taxation	(4,018)	(2,967)	(877)	(7,862)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Assets

Exploration and evaluation assets	-	-	3,192	3,192
Investment	4,000	-	-	4,000
Property, plant and equipment	-	9,918	-	9,918
Inventories	-	183	-	183
Financial assets	328	353	-	681
Cash	44	-	1	45
<b>Total assets</b>	<b>4,372</b>	<b>10,454</b>	<b>3,193</b>	<b>18,019</b>

### Liabilities

Bank overdraft	-	62	-	62
Segment liabilities	584	3,164	36	3,784
Other financial liabilities	-	190	-	190
Borrowings	505	303	-	808
Loan notes	1,230	-	-	1,230
Derivative financial liability	194	-	-	194
<b>Total liabilities</b>	<b>2,513</b>	<b>3,719</b>	<b>36</b>	<b>6,268</b>

**Net assets** **1,859** **6,735** **3,157** **11,751**

### Other information

Depreciation	-	(714)	-	(714)
Exploration and evaluation additions	-	885	-	885
Property, plant and equipment additions	-	(5,937)	-	(5,937)
<b>Net cash (outflow) from operations</b>	<b>(3,036)</b>	<b>(30)</b>	<b>(33)</b>	<b>(3,099)</b>

\*Represents 100% of the results and financial position of RHA Tungsten (Private) Limited whereas the Company owns 49%. Non-controlling interests are disclosed in note 32.

(1) Revenue is generated from sales to one customer, in line with RHA's off-take agreement.

<b>By operating segment</b>	<b>Unallocated Corporate</b>	<b>RHA Tungsten Mine Zimbabwe</b>	<b>Exploration Zimbabwe</b>	<b>Total</b>
<b>2014</b>	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$000</b>	<b>\$ 000</b>
<b>Result</b>				
Impairment of exploration and evaluation assets	-	-	(137)	(137)
Operating loss	(2,673)	(509)	(168)	(3,350)
Loss before taxation	140	(509)	(168)	(537)
<b>Assets</b>				
Exploration and evaluation assets	-	2,770	4,036	6,806
Investment	2,500	-	-	2,500
Property, plant and equipment	-	1,040	-	1,040
Financial assets	1,270	2	-	1,272
Cash	154	18	2	174
<b>Total assets</b>	<b>3,924</b>	<b>3,830</b>	<b>4,038</b>	<b>11,792</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Liabilities

Segment liabilities	414	238	43	695
Loans	767	-	-	767
Total liabilities	<u>1,181</u>	<u>238</u>	<u>43</u>	<u>1,462</u>
Net assets	<u><b>2,743</b></u>	<u><b>3,592</b></u>	<u><b>3,995</b></u>	<u><b>10,330</b></u>

### Other information

Depreciation	(2)	(8)	-	(10)
Exploration and evaluation additions	-	(1,037)	-	(1,037)
Property, plant and equipment additions	-	(1,013)	-	(1,013)

## 7. Cost of sales

	<b>2015</b>	<b>2014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Mining contractor	868	-
Staff costs	319	-
Consumables	203	-
Equipment hire and maintenance	130	-
Mining services	60	-
Plant services	46	-
Selling costs	51	-
Inventory adjustment	(121)	-
	<u><b>1,556</b></u>	<u>-</u>

## 8. Administrative expenses

	<b>2015</b>	<b>2014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Staff costs	655	162
Consulting and advisory fees	804	777
Management fees	-	30
Directors' fees	145	68
Audit, accounting and legal fees	433	410
Marketing and public relations	107	168
Travel	265	346
Security costs	40	-
Vehicle operating costs	31	101
Insurance	40	35
Office and administration	264	666
Foreign exchange losses	16	19
Exploration costs expensed	24	-
Share based payment (notes 27 and 28) *	308	421
	<u><b>3,132</b></u>	<u><b>3,203</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

\*Includes a \$50,000 fair value charge for shares awarded to the Group COO for an employee share award that is not included in notes 27 and 28 (refer note 24).

### 9. Directors' remuneration

	<b>2015</b>	<b>2014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Directors' remuneration (*)	487	466

	<b>Directors' Fees</b>	<b>Consultancy Fees</b>	<b>Total</b>
	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$ 000</b>
<b>2015</b>			
<b>Executive Directors</b>			
George Roach	-	180	180
Pamela Hueston	5	180	185
<b>Non-Executive Directors</b>			
John (Ian) Stalker	75	-	75
Neil Herbert	21	-	21
Michael Foster (*)	26	-	26
	<b>127</b>	<b>360</b>	<b>487</b>

	<b>Directors' Fees</b>	<b>Consultancy Fees</b>	<b>Total</b>
	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$ 000</b>
<b>2014</b>			
<b>Executive Directors</b>			
George Roach	-	218	218
Pamela Hueston	-	180	180
<b>Non-Executive Directors</b>			
John (Ian) Stalker	25	-	25
Neil Herbert (*)	25	-	25
Alex Du Plessis (*)	18	-	18
	<b>68</b>	<b>398</b>	<b>466</b>

(\*) These directors were not employed during the full financial year.

The difference in Directors' fees with note 8 is the fees paid to RHA Tungsten (Pvt) Limited's other directors not included above as they are not directors of the parent company during the current financial year.

The 2015 Directors fees noted above remain unpaid at the financial year-end.

No pension benefits are provided for any Director.

### 10. Finance costs

	<b>2015</b>	<b>2014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Interest charged by suppliers	57	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest on borrowings	35	-
Derivative financial liability transaction costs	1,567	-
Unwinding of discount on provisions	35	-
Interest on finance lease	25	-
Interest on debentures	-	16
	<u>1,719</u>	<u>16</u>

### 11. Taxation

	2015 \$ 000	2014 \$ 000
Taxation charge for the year	-	-

There is no taxation charge in the year ended 31 December 2015 (2014: nil). As the Group is an international Business Group, the British Virgin Islands imposes no corporate taxes or capital gains tax. However, the Group may be liable for taxes in the jurisdictions of the underlying operations.

There are no recognised tax assets in respect of accumulated losses in West Africa or Zimbabwe at this time. The Group has incurred tax losses however a deferred tax asset has not been recognised in the accounts due to the unpredictability of future profit streams.

### 12. Earnings (Loss) per share

The calculation of earnings (loss) per share is based on the income (loss) after taxation divided by the weighted average number of shares in issue during the year:

	2015	2014
Net income (loss) attributable to owners of the parent (\$000)	(5,992)	14
Weighted average number of Ordinary Shares in calculating basic earnings per share ('000)	655,650	463,493
Basic income (loss) per share (US cents)	(0.1c)	0.1c
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share ('000)	2,066,580	832,876
Diluted income (loss) per share (US cents)	(0.1c)	0.1c

As the Group incurred a loss for the year, there is no dilutive effect from share options and warrants in issue or the shares issued after the reporting date.

### 13. Exploration and evaluation assets

	\$ 000
<b>Cost</b>	
Cost at 1 January 2014	5,906
Expenditure on exploration and evaluation	1,037
Impairment	<u>(137)</u>
Cost at 31 December 2014	6,806
Expenditure on exploration and evaluation	885
Impairment *	(844)
Transferred to Property, Plant and Equipment **	<u>(3,655)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cost at 31 December 2015 3,192

Exploration costs not specifically related to a licence or project or on speculative properties are expensed directly to profit or loss in the year incurred. During the year \$24,000 (2014: \$nil) exploration costs were expensed.

Capitalised expenditure in the year of \$885,000 (2014: \$1,037,000).

\* During the year capitalised costs relating to the Katete (\$717,000) and Tinde (\$127,000) assets located in Zimbabwe were impaired. The Tinde Project holds 9 mineral block claims mainly prospective for fluorspar. The Company plans to retain the claims however there are no immediate or future plans for development whilst the Group focuses its attention on other more prospective projects. The Katete Project holds 25 mineral block claims mainly prospective for rare earth elements. The Group has maintained the four key blocks of claims in the expansive area. The Board of Directors may decide at some future date to explore the properties however as at this time there is no formal exploration plan in place or funding allocated for future development.

\*\* During the year, the carrying amount of exploration and evaluation assets related to the RHA Tungsten Project was transferred to Property, Plant and Equipment on the date of commercial viability and technical feasibility.

Exploration and evaluation assets at 31 December 2015 relate to the Zulu Lithium and Tantalite Project located in Zimbabwe. The carrying value of these assets at 31 December 2015 and 2014 was \$3,192,000. Small scale exploration work conducted during the year indicates that tantalum recovery may be a viable option. The Group views this project as strategic and exploration work will be ramped up in the future, cash flow permitting.

### 14. Investment

	\$ 000
At 1 January 2014	-
Fair value of shares on acquisition *	1,400
Fair value adjustment **	<u>1,100</u>
At 31 December 2014	2,500
Fair value adjustment ***	<u>1,500</u>
At 31 December 2015	<u>4,000</u>

\* Represents 2 million shares in unlisted entity Circum Minerals Limited ('Circum').

\*\* As Circum is unlisted there are no quoted market prices. Fair value of the shares was therefore estimated using the price at which warrants in Circum shares were exercised by a third party in February 2015 at \$1.25 per share. The warrants were issued prior to the 31 December 2014 year-end.

\*\*\* Fair value of the shares was adjusted to the most recent placing price of \$2 per share during August 2015.

The shares are considered to be level 3 financial assets under the IFRS 13 categorisation of fair value measurements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. Property, plant and equipment

	Mine \$000	Assets under construction \$000	Plant & equipment \$000	Land & buildings \$000	Total \$000
<b>Cost</b>					
At 1 January 2014	-	-	124	30	154
Additions	284	688	41	-	1,013
At 31 December 2014	284	688	165	30	1,167
Additions	3,001	-	2,165	771	5,937
Transfers	3,615	(688)	728	-	3,655
<b>At 31 December 2015</b>	<b>6,900</b>	<b>-</b>	<b>3,058</b>	<b>801</b>	<b>10,759</b>
<b>Depreciation</b>					
At 1 January 2014	-	-	112	5	117
Charge for the year	-	-	7	3	10
At 31 December 2014	-	-	119	8	127
Charge for the year	431	-	242	41	714
<b>At 31 December 2015</b>	<b>431</b>	<b>-</b>	<b>361</b>	<b>49</b>	<b>841</b>
<b>Net Book Value</b>					
<b>At 31 December 2015</b>	<b>6,469</b>	<b>-</b>	<b>2,697</b>	<b>752</b>	<b>9,918</b>
At 31 December 2014	284	688	46	22	1,040

### 16. Subsidiaries

Premier had investments in the following subsidiary undertakings as at 31 December 2015, which principally affected the losses and net assets of the Group:

Name	Country of incorporation and operation	Proportion of voting interest %	Activity
ZimDiv Holdings Limited	Mauritius	100	Holding Company
RRCC Ltd	BVI	100	Holding Company
Regent Resources Capital Corporation SAU	Togo	100	Exploration
G and B African Resources Benin SARL	Benin	100	Exploration
Zulu Lithium Mauritius Holdings Limited	Mauritius	100	Holding Company
R.H.A. Tungsten Mauritius Limited	Mauritius	100	Holding Company
Kavira Minerals Holdings Limited	Mauritius	100	Holding Company
Tinde Fluorspar Holdings Limited	Mauritius	100	Holding Company
Lubimbi Minerals Holdings Limited	Mauritius	100	Holding Company
Gwaaii River Minerals Holdings Limited	Mauritius	100	Holding Company
Zulu Lithium (Private) Limited	Zimbabwe	100	Exploration
RHA Tungsten (Private) Limited	Zimbabwe	49*	Development
Katete Mining (Private) Limited	Zimbabwe	100	Exploration

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tinde Fluorspar (Private) Limited	Zimbabwe	100	Exploration
LM Minerals (Private) Limited	Zimbabwe	100	Exploration
BM Mining & Exploration (Private) Limited	Zimbabwe	100	Exploration

\* Accounted as a controlled subsidiary, refer note 4, Significant accounting judgments, estimates and assumptions

### 17. Inventories

	2015 \$ 000	2014 \$ 000
Consumables	63	-
Wolframite concentrate and ore work in process	120	-
	<u>183</u>	<u>-</u>

Wolframite concentrate inventory at 31 December 2015 was \$120,000 (2014: \$nil).

### 18. Trade and other receivables

	2015 \$ 000	2014 \$ 000
VAT input tax receivable	303	-
Other receivables	284	1,255
Prepayments	94	17
	<u>681</u>	<u>1,272</u>
Current	426	1,017
Non-current	255	255
	<u>681</u>	<u>1,272</u>

Other receivables at 31 December 2015 includes \$255,000 receivable from AgriMinco Corp ('AgriMinco') (2014: \$255,000). The AgriMinco receivable is due on settlement of the Agriminco loan (refer note 21). The Directors consider that the carrying amount of other receivables and prepayments approximates their fair value.

### 19. Trade and other payables

	2015 \$ 000	2014 \$ 000
Trade payables *	1,270	301
Accruals **	1,618	394
Payroll liabilities	161	-
	<u>3,049</u>	<u>695</u>

All trade and other payables at 31 December 2015 are due within one year, non-interest bearing, and comprise amounts outstanding for mine purchases and on-going costs, except as described further below. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

\* Trade payables include an amount owing to Senet (Pty) Ltd. ("Senet"), for EPCM services relating to the construction of the infrastructure supporting the RHA Tungsten processing plant. The Company signed an Acknowledgment of Debt

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and Agreement to Pay on 16 April 2015 on behalf of RHA Tungsten (Private) Limited ("RHA") for all amounts due. All invoices are due within 30 days, after which interest will accrue at an annual interest rate of 25%, compounded daily, with all amounts due by 31 August 2015. On 26 October 2015, the Company agreed an extension of the payment terms with monthly repayments beginning 1 October 2015 and ending 30 April 2016. Senet agreed a reduction in the interest rate charged from the period 1 October 2015 until final settlement at the South African prime lending rate. As at 31 December 2015, the amount owing to Senet is \$160,586, including accrued interest. The full debt to Senet plus interest was settled subsequent to the year-end.

\*\* Amounts owing to JR Goddard Contracting (Pvt) Ltd ("JRG"), the open pit mining contractor for RHA, is co-guaranteed by the Company and attracts interest at a rate of 12% per annum, compounded monthly. The Company entered into an agreement with JRG in September 2015 that JRG would receive no less than \$50,000 per month in settlement of outstanding liabilities. At 31 December 2015, the amount owing to JRG was \$533,032 including accrued interest. On 10 March 2016, the contact with JRG was terminated and the Company entered into a Memorandum of Agreement to settle all outstanding amounts (refer note 33).

### 20. Other financial liabilities

During the year, the Company entered into a finance lease with Board Market Trading 258 (Pty) Ltd for the purchase of two generators (net book value \$181,336, 2014: \$nil) to be used at the RHA Tungsten Mine. The finance lease is for a term of 48 months with interest charged at 19.5% per annum with monthly repayment of \$5,960 beginning from 1 August, 2016. Depreciation charged on the assets financed by leases during the year was \$19,457 (2014: \$nil).

The agreement is classified as a finance lease as the rental period amounts to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments	Interest	Present value
2015	\$000	\$000	\$000
Not later than one year	10	25	35
Between one year and five years	180	40	220
Later than five years	-	-	-
	<u>190</u>	<u>65</u>	<u>255</u>

There were no finance leases during the financial year 2014.

### 21. Borrowings

	2015	2014
	\$ 000	\$ 000
As at 1 January	767	1,108
Loans received (1) (2) (3)	800	810
Loans repaid	-	(621)
Amounts reclassified to accrued expenses	-	(22)
Loans capitalised as equity (4)	(794)	(508)
Accrued interest	35	-
As at 31 December	<u>808</u>	<u>767</u>
Current	549	767
Non-current	259	-
	<u>808</u>	<u>767</u>

Borrowings comprise loans from a related party and a non-related party (2014 related party loans only). Loans from a related party are further disclosed in Note 31, *Related Party Transactions*.

(1) On 9 April 2015, the CEO and Chairman George Roach provided a \$250,000 bridge loan facility and agreed the repayment and conversion terms of the loan outstanding at 31 December 2014. Together the loans

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

with any accrued interest will become repayable by the Company as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%. George Roach may elect to convert all or part of the loans into new ordinary shares in the Company at a conversion price that is the lesser of the volume-weighted average price of the ordinary shares for the five trading days immediately prior to the date of conversion or the closing price of the ordinary shares on the date of the loans.

(2) On 27 April 2015, AgriMinco Corp (“AgriMinco”) provided a \$250,000 loan facility. The loan with any accrued interest will become repayable by the Company in 24 months or earlier with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of 5% per annum. AgriMinco may elect to convert all or part of the loan into new units when the loan facility becomes payable. One unit comprises one new ordinary share and one new warrant. The conversion price will be the lesser of the fifteen day volume-weighted average price of the ordinary shares for the two business days immediately prior to the maturity date and the date of a repayment notice, if any. Each new warrant would entitle the unit holder to subscribe for one new ordinary share at an exercise price equivalent to a 20% premium to the conversion price for a period of two years.

(3) On 15 September 2015, the CEO and Chairman George Roach provided a \$300,000 loan direct to RHA Tungsten (Pty) Limited (‘RHA’). The loan with any accrued interest will become repayable by RHA as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%.

(4) On 4 December 2015 George Roach converted \$650,000 of his loans to Premier into new ordinary shares and on 11 December 2015 Mr Roach converted a further \$144,119 of his loans into new ordinary shares (refer note 24).

### 22. Provisions

	2015 \$ 000	2014 \$ 000
As at 1 January	-	-
Rehabilitation provision	700	-
Unwinding of discount	35	-
As at 31 December	<u>735</u>	-

A provision is recognised for site restoration and decommissioning of current mining activities based on current environmental and regulatory requirements. The net present value of the provision at a discount rate of 10% over an 8 year life of mine amounts to \$700,000 (2014: \$nil) and has been capitalised as an addition to mine costs and depreciated in PPE as explained in the accounting policy note.

### 23. Loan notes and derivative financial liabilities

	2015 \$ 000	2014 \$ 000
<i>Convertible loan notes</i>		
As at 1 January	-	-
Loans notes issued	4,005	-
Loan notes converted (note 24)	(2,495)	-
Premium on notes converted	35	-
Foreign exchange	10	-
Deferred finance costs	(324)	-
As at 31 December	<u>1,230</u>	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2015 \$ 000	2014 \$ 000
<i>Derivative financial instruments</i>		
Derivative financial liability on issue of loan notes	1,151	-
Loan notes converted (note 24)	(968)	-
Premium on notes converted	5	-
Foreign exchange	6	-
As at 31 December	194	-

### *Loan Notes*

On 2 February 2015, the Company entered into an agreement with Darwin Strategic Limited ("Darwin") whereby Darwin subscribed for a total of £1 million in convertible loan notes in which the Company received 90% of the par value of the notes. The loan notes were fully converted to equity during the reporting period (refer note 24).

On 29 April 2015, the Company entered into an agreement with Darwin whereby Darwin could subscribe for a total of £1.65 million in convertible loan notes in which the Company would receive 85% of the par value of the notes. The loan notes were issued in three tranches on fulfilment of certain milestones. The notes will redeem 18 months from the subscription date unless repaid or converted. The notes are repayable from 1 October 2015 at a rate of 7 per month at 105% of the par value (£25,000). As at the reporting date, £551,000 of the loan notes were converted into equity (refer note 24) with loan notes outstanding at par value remaining of £1,125,000. The remaining loan notes were fully converted into equity after the financial year end (refer note 33).

On 9 October 2015, the Company entered into an agreement with Darwin whereby Darwin could subscribe for a total of £900,000 in convertible loan notes in which the Company would receive 90% of the par value of the notes. The loan notes were to be issued in three tranches on fulfilment of certain milestones. The notes will redeem 12 months from the subscription date unless repaid or converted. As at the reporting date, only tranches 1 and 2 were drawn down and both were fully converted into equity as at the financial year-end (refer note 24).

For details of the fair value hierarchy, valuation techniques, and significant observable inputs related to determining the fair value derivative financial instruments, which are classified in level 2 hierarchy, refer to note 30.

## **24. Share capital**

### *Authorised share capital*

2 billion ordinary shares of no par value.

### *Issued share capital*

	Number of Shares	
	'000	\$ 000
<b>As at 1 January 2014</b>	<b>388,469</b>	<b>13,998</b>
Shares issued under subscription agreement (1)	42,735	825
Shares issued for services received (2)	1,080	36
Shares issued on disposal of subsidiary (3)	55,833	916
Shares issued on conversion of loan (4)	15,000	508
<b>As at 31 December 2014</b>	<b>503,117</b>	<b>16,283</b>
Shares issued on exercise of share options (5)	12,206	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Shares issued on conversion of loan notes (6)	20,086	229
Shares issued for employee share award (7)	4,000	50
Shares issued on conversion of loan notes (8)	18,519	384
Shares issued on conversion of loan notes (9)	44,444	914
Shares issued on exercising of warrants (10)	9,000	172
Shares issued on exercising of warrants (11)	35,000	688
Shares issued under subscription agreement (12)	22,500	700
Shares issued on exercise of share options (13)	5,537	-
Shares issued on exercise of share options (14)	7,500	135
Shares issued under subscription agreement (15)	21,000	434
Shares issued under indigenisation agreement (16)	6,596	100
Shares issued on conversion of loan notes (17)	81,572	768
Shares issued on conversion of loan notes (18)	118,536	854
Shares issued under indigenisation agreement (19)	7,017	50
Shares issued on conversion of loan (20)	79,945	650
Shares issued under subscription agreement (21)	30,000	171
Shares issued on conversion of loan (22)	21,088	144
Shares issued on conversion of loan notes (23)	57,586	314
<b>As at 31 December 2015</b>	<b>1,105,249</b>	<b>23,040</b>

- (1) Shares issued to YAGM for finance package. YAGM subscribed for a total of 42,735,030 shares at a price of 1.17p per share.
- (2) On 28 January 2014, the Company issued 1,079,550 shares for a total value of £22,000 to a consultant in satisfaction of the obligation for fees accrued at 31 December 2013.
- (3) On 13 May 2014, the Company exercised its option to acquire an interest in the Danakil Potash Project and issued 55,833,454 shares to the value of \$916,000 (CDN\$ 1m) at an issue price of 0.9753p per share.
- (4) On 29 July 2014, the Company issued 15,000,000 shares at an issue price of 2p per share for a total value of £300,000 to the Chairman and CEO, George Roach for conversion of a portion of his loans.
- (5) On 10 February 2015, the Company issued 12,206,271 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of \$nil. The fair value of the share options has been credited to retained earnings.
- (6) On 4 March 2015, the Company issued 20,085,699 shares to Darwin Strategic Limited on conversion of £150,000 of loan notes (refer note 23) at an issue price of 0.7468p per share.
- (7) On 13 March 2015, the Company issued 4,000,000 shares at nil cost to the Company's Chief Operating Officer in conjunction with an employee share award. The average price of the Company's shares on issue date was 0.85p per share valuing the award at £34,000 (\$50,170).
- (8) On 30 April 2015, the Company issued 18,518,518 shares to Darwin Strategic Limited on conversion of £250,000 of loan notes (refer note 23) at an issue price of 1.35p per share.
- (9) On 5 June 2015, the Company issued 44,444,444 shares to Darwin Strategic Limited on conversion of £600,000 of loan notes (refer note 23) at an issue price of 1.35p per share.
- (10) On 5 June 2015, the Company issued 9,000,000 shares to YAGM on the exercising of warrants at an exercise price of 1.25p per share.
- (11) On 24 June 2015, the Company issued 35,000,000 shares to Darwin Strategic Limited on the exercising of warrants at an exercise price of 1.25p per share.
- (12) On 9 July 2015, the Company issued 22,500,000 shares under a subscription agreement at a price of 2p per share.
- (13) On 10 July 2015, the Company issued 5,536,864 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of \$nil. The fair value of the share options has been credited to retained earnings.
- (14) On 29 July 2015, the Company issued 7,500,000 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of 1.15p per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (15) On 22 September 2015, the Company issued 21,000,000 shares under a subscription agreement at a price of 1.35p per share.
- (16) On 2 October 2015, the Company issued 6,596,300 shares to the National Indigenisation Economic and Empowerment Fund ('NIEEF') in settlement of the first tranche payment of \$100,000 on the RHA Tungsten Project reaching commercial production. The shares were issued at a price of 1p per share.
- (17) On 23 October 2015, the Company issued 81,572,190 shares to Darwin Strategic Limited on conversion of £500,000 of loan notes (refer note 23) at an issue price of 0.613p per share.
- (18) On 30 November 2015, the Company issued 118,535,383 shares to Darwin Strategic Limited on conversion of £567,500 of loan notes (refer note 23) at an issue price of 0.47876p per share.
- (19) On 2 December 2015, the Company issued 7,017,447 shares to NIEEF in settlement of the second payment of \$50,000 in respect of the RHA Tungsten Project. The shares were issued at a price of 0.47p per share.
- (20) On 4 December 2015, the Company issued 79,945,167 shares at an issue price of 0.538p per share for a total value of £430,105 (\$650,000) to George Roach for conversion of a portion of his loans (refer note 21).
- (21) On 10 December 2015, the Company issued 30,000,000 shares under a subscription agreement at a price of 0.375p per share.
- (22) On 11 December 2015, the Company issued 21,087,680 shares at an issue price of 0.4505p per share for a total value of £95,000 (\$144,119) to George Roach for conversion of a portion of his loans (refer note 21).
- (23) On 16 December 2015, the Company issued 57,586,206 shares to Darwin Strategic Limited on conversion of £208,750 of loan notes (refer note 23) at an issue price of 0.3625p per share.

### ***Reconciliation to balance as stated in the consolidated statement of financial position***

	<b>Total \$ 000</b>
Issued share capital (before issue costs) as at 31 December 2014	16,283
Share issue costs – years ended 31 December 2012, 2013, 2014	(1,491)
<b>Issued share capital (net of issue costs) as at 31 December 2014</b>	<b>14,792</b>
Issued share capital (before issue costs) as at 31 December 2015	23,040
Share issue costs – years ended 31 December 2012, 2013 and 2014	(1,491)
Share issue costs year ended 31 December 2015	(80)
<b>Issued share capital (net of issue costs) as at 31 December 2015</b>	<b>21,469</b>

### **25. Merger reserve**

	<b>Total \$ 000</b>
At 31 December 2015 and 2014	(176)

### **26. Foreign exchange reserve**

	<b>Total \$ 000</b>
<b>At 1 January 2014</b>	<b>145</b>
Change in reserves during the year	154
<b>At 31 December 2014</b>	<b>299</b>
Change in reserves during the year	50
<b>At 31 December 2015</b>	<b>349</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27. Share based payment reserve

	<b>Total \$ 000</b>
<b>At 1 January 2014</b>	<b>697</b>
Share options charge (note 28)	429
Share options cancelled	(108)
Share options expired	(20)
Warrants charge (note 28)	120
<b>At 31 December 2014</b>	<b>1,118</b>
Share options charge (note 28)	258
Share options exercised (note 28)	(662)
Warrants charge (note 28)	797
Warrants exercised (note 28)	(432)
<b>At 31 December 2015</b>	<b>1,079</b>

### 28. Share based payments

Under IFRS 2 “Share Based Payments”, the Group determines the fair value of shares, options and warrants issued to Directors and Employees as remuneration and Consultants and Advisors as consideration for their services, and recognises an expense in profit or loss, a deduction from equity or an addition to intangible assets depending on the nature of the services received. A corresponding increase is recognised in equity in the share based payment reserve.

Details of shares issues are provided in note 24 and details of share options and warrants are set out below.

#### Share Options

The Company adopted a new incentive share option plan (the ‘Plan’) during 2012. The essential elements of the Plan provide that the aggregate number of common shares of the Company’s capital stock issuable pursuant to options granted under the Plan may not exceed 15% of the issued and outstanding Ordinary Shares at the time of any grant of options. Options granted under the Plan will have a maximum term of 10 years. All options granted to Directors and management are subject to vesting provisions of one to two years.

The Company has granted the following share options during the years to 31 December 2015:

Issued to	Date Granted	Vesting Term	Number of Options Granted ‘000	Exercise Price	Expiry Date	Estimated Fair Value
Employees and consultants	10/02/2011	1 year	2,250	1.135c	09/02/2014	0.87c
Directors	04/12/2012	See 1 below	20,386	Nil	03/12/2022	1.11p
Directors	04/12/2012	See 2 below	20,386	2p	03/12/2022	1.85p
Employees and associates	04/12/2012	See 3 below	5,536	Nil	03/12/2022	1.85p
Directors	29/07/2014	See 4 below	6,000	1.15p	28/07/2024	1.15p
Directors	29/07/2014	See 5 below	6,000	1.50p	28/07/2024	1.15p
Management	29/07/2014	See 4 below	6,500	1.15p	28/07/2024	1.15p
Management	29/07/2014	See 5 below	6,500	1.50p	28/07/2024	1.15p

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Directors	13/03/2015	See 4 below	2,000	0.9p	12/03/2025	0.67p
Directors	13/03/2015	See 5 below	2,000	1.17p	12/03/2025	0.64p
Management	13/03/2015	See 4 below	3,250	0.9p	12/03/2025	0.67p
Management	13/03/2015	See 5 below	3,250	1.17p	12/03/2025	0.64p
<b>Totals</b>			<b>84,058</b>			

1. These share options vest on the two-year anniversary of the grant date. The options are exercisable at any time after vesting during the grantee's period as an eligible option holder, and must be exercised no later than 10 years after the date of grant, after which the options will lapse.
2. These share options vest in equal instalments annually on the anniversary of the grant date over a two year period. The options are exercisable at any time after vesting during the grantee's period as an eligible option holder, and must be exercised no later than 10 years after the date of grant, after which the options will lapse.
3. These share options vested on the grant date. The options are exercisable at any time after vesting during the grantee's period as an eligible option holder, and must be exercised no later than 10 years after the date of grant, after which the options will lapse.
4. These share options vest on the one-year anniversary of the grant date. The options are exercisable at any time after vesting during the grantee's period as an eligible option holder, and must be exercised no later than 10 years after the date of grant, after which the options will lapse.
5. These share options vest on the two-year anniversary of the grant date. The options are exercisable at any time after vesting during the grantee's period as an eligible option holder, and must be exercised no later than 10 years after the date of grant, after which the options will lapse.

10,500,000 options were granted during the year ended 31 December 2015 (2014: 25,000,000) and a charge of \$258,000 was recognised in respect of the above option schemes (2014: \$429,000).

The fair value of the options granted during the year ended 31 December 2015 was \$102,000 (2014: \$369,000). The assessed fair value of options granted to directors and management was determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free rate interest rate for the term of the option.

The following table lists the inputs into the model:

	13 March 2015 issue	13 March 2015 issue	29 July 2014 issue	29 July 2014 issue	4 Dec 2012 issues	10 Feb 2011 issue
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	100.0	100.0	148.0	148.0	75.0	70.0
Risk-free interest rate (%)	1.71	1.71	1.71	1.71	1.81	2.65
Share price at grant date	0.9p	0.9p	1.15p	1.15p	1.85p	1.135c
Exercise price	0.9p	1.17p	1.15p	1.50p	2p and nil	1.135c

Expected volatility is normally determined by calculating the historic volatility of the share price over the most recent period that is commensurate with the expected award term. Share price volatility has been based on the Company's trading history since listing in December 2012.

The Group has the following share options outstanding:

Grant Date	Expiry Date	Exercise Price	Number of options outstanding '000	Number of options vested and exercisable '000
04/12/2012	03/12/2022	Nil	2,013	2,013
04/12/2012	03/12/2022	2p	12,458	12,458
29/07/2014	28/07/2024	1.15p	3,000	3,000
29/07/2014	28/07/2024	1.50p	10,500	-
13/03/2015	12/03/2025	0.9p	5,250	-
13/03/2015	12/03/2025	1.17p	5,250	-
			<b>38,471</b>	<b>17,471</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A summary of the status of the Group's share options as of 31 December 2015 and changes during the year are as follows:

	2015		2014	
	Shares '000	Weighted Average Exercise Price	Shares '000	Weighted Average Exercise Price
Options outstanding, beginning of year	53,215	1.05p	38,995	0.87p
Granted	10,500	0.41p	25,000	1.33p
Cancelled	-	-	(8,530)	0.87p
Expired	-	-	(2,250)	1.135c
Exercised	(25,244)	0.34p	-	-
Options outstanding, end of year	<b>38,471</b>	<b>1.15p</b>	<b>53,215</b>	<b>1.05p</b>

### Warrants

During the year the Company granted 83,684,382 warrants over Ordinary Shares (2014: 9,000,000).

Issued to	Date Granted	Number of Warrants Issued '000	Exercise Price	Expiry Date
Advisors	04/12/2012	7,017	4p	03/12/2017
Funders	28/01/2014	9,000	1.25p	27/01/2017
Funders	02/02/2015	40,000	1.25p	09/02/2018
Funders	28/04/2015	16,674	2.96875p	04/05/2018
Subscribers	09/07/2015	1,500	3p	08/07/2018
Funders	15/09/2015	3,559	1.4047p	22/09/2017
Funders	09/10/2015	21,951	1.025p	16/10/2018
<b>Totals</b>		<b>99,701</b>		

The fair value of the warrants granted to funders during the year ended 31 December 2015 was \$715,000 (2014: \$120,000).

The following table lists the inputs into the model for the years up to 31 December 2015:

	9 October 2015 issue	15 September 2015 issue	28 April 2015 issue	2 February 2015 issue	28 January 2014 issue	4 December 2012 issue
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	98.0	98.0	92.0	165.0	133.0	75.0
Risk-free interest rate (%)	1.86	1.91	1.70	1.38	2.71	1.81
Share price at grant date	1.025p	1.425p	2.025p	0.925p	1.325p	1.85p
Exercise price	1.025p	1.40p	2.97p	1.25p	1.25p	4p

### Re-set provisions

The terms of the warrant agreements entered into with the Darwin loan notes contains certain re-set provisions as to exercise price and/or number of warrants issued depending on certain conditions. Any share subscriptions priced at a price lesser than the warrant exercise price will trigger a re-set of the exercise price to the lower share subscription price. This occurred on 16 December 2015. Therefore, the warrants exercise price was re-set for all remaining Darwin warrants issued under the loan notes to a new exercise price of 0.36p being the lowest subscription price on 16 December 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 16 December 2015, Darwin had 47,184,383 warrants outstanding. The fair value of the warrants under the old and new exercise price was determined using the Black Scholes model. The difference in fair value of \$82,619 was charged to profit and loss.

A summary of the status of the Company's share warrants as of 31 December 2015 and changes during the year are as follows:

	2015 '000	2014 '000
Warrants outstanding, beginning of year	16,017	207,171
Granted	83,684	9,000
Expired	-	(200,154)
Exercised	(44,000)	-
Warrants outstanding, end of year	<b>55,701</b>	<b>16,017</b>

### 29. Notes to the statement of cash flows

	2015 \$ 000	2014 \$ 000
<b>Loss before tax</b>	(7,862)	(537)
Adjustments for:		
Depreciation and amortisation	714	10
Impairment of exploration and evaluation assets	844	137
Share of Joint Venture results	-	2
Foreign exchange	16	19
Finance costs	1,719	16
Loss on settlement of derivative financial instrument	-	136
Gain on extinguishment of debt	-	(5)
Gain on disposal of subsidiary	-	(679)
Gain on sale of investment in Joint Venture	-	(2,283)
Share based payments	308	421
<b>Operating cash flows before movements in working capital</b>	(4,261)	(2,763)
Increase in inventories	(183)	-
Increase in receivables	(409)	(244)
Increase in payables	1,754	569
<b>Net cash (outflow) from operating activities</b>	<b>(3,099)</b>	<b>(2,438)</b>

Cash and cash equivalents comprise cash at bank, bank overdrafts and short term bank deposits with an original maturity of three months or less. The carrying value of these assets is approximately equal to their fair value.

### 30. Financial instruments

The Group uses financial instruments comprising cash, receivables, available for sale assets (investment in Circum shares), bank overdraft, payables, borrowings, loan notes, derivative liabilities and other financial liabilities. Cash balances are held in Sterling, US Dollars and the Euro.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk. However, rates are monitored closely by management.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial assets and liabilities

	Available for sale financial asset \$ 000	Loans and receivables \$ 000	Financial liabilities at amortised cost \$ 000	Financial liabilities at fair value through profit or loss \$ 000	Total \$ 000
<b>2015</b>					
Trade and other receivables	-	284	-	-	284
Investment	4,000	-	-	-	4,000
Cash and cash equivalents	-	45	-	-	45
	4,000	329	-	-	4,329
Bank overdraft	-	-	62	-	62
Trade payables	-	-	1,270	-	1,270
Accrued liabilities	-	-	1,618	-	1,618
Payroll liabilities	-	-	161	-	161
Borrowings	-	-	808	-	808
Loan notes	-	-	1,230	-	1,230
Derivative financial liability	-	-	-	194	194
Other financial liabilities	-	-	190	-	190
	-	-	5,339	194	5,533
<b>2014</b>					
Trade and other receivables	-	1,255	-	-	1,255
Investment	2,500	-	-	-	2,500
Cash and cash equivalents	-	174	-	-	174
	2,500	1,429	-	-	3,929
Trade payables	-	-	301	-	301
Accrued liabilities	-	-	394	-	394
Borrowings	-	-	767	-	767
	-	-	1,462	-	1,462

### Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of cash and receivables and liabilities approximates the carrying values disclosed in the financial statements.

The fair value of available for sale financial assets is estimated by using other readily available information. As the Circum shares are in a privately held exploration company, the fair value was estimated using the most recent placing price at which shares were issued in Circum by a third party.

The fair value of the derivative instruments is calculated using a discounted cash flow analysis, using the applicable yield curve for the duration of instruments for non-optional derivatives and option pricing models for optional derivatives. The fair value of the embedded derivative component of the convertible loan notes (as per note 23) was determined using a widely accepted option pricing model, the Monte Carlo Simulation Technique, in particular the Least Squares Algorithm.

The table below outlines the fair value inputs in the embedded derivative valuation.

	9 October 2015 loan notes	28 April 2015 loan notes	2 February 2015 loan notes
Term range	12 months	18 months	12 months
Expected Dividend yield (%)	-	-	-
Expected volatility - range (%)	100-120	100-120	100-120
Risk-free interest rate (%)	0.9	0.9	0.9
Share price at time of valuation	1.025p	2.375p	1.1p

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Capital management

The Group manages its capital resources to ensure that entities in the Group will be able to continue as a going concern, while maximising shareholder return.

The capital structure of the Group consists of equity attributable to shareholders, comprising issued share capital and reserves. The availability of new capital will depend on many factors including a positive mineral exploration environment, positive stock market conditions, the Group's track record, and the experience of management. There are no externally imposed capital requirements. The Directors are confident that adequate cash resources exist or will be made available to finance operations but controls over expenditure are carefully managed.

### Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2015 \$000	2014 \$000	2015 \$ 000	2014 \$ 000
Sterling	275	160	21	2
Euro	168	65	1	1
Canadian dollar (CDN\$)	21	-	-	-
South African Rand (ZAR)	51	9	-	-
	<b>515</b>	<b>234</b>	<b>22</b>	<b>3</b>

The presentation currency of the Group is US dollars.

The Group is exposed primarily to movements in USD, the currency in which the Group receives most of its funding, against other currencies in which the Group incurs liabilities and expenditure.

### Sensitivity analysis

Financial instruments affected by foreign currency risk include cash and cash equivalents, other receivables, trade and other payables and convertible loan notes. The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity of the Group's financial instruments (at year end) to changes in market variables, being exchange rates.

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities also impact equity
- Translation of foreign subsidiaries and operations into the Group's presentation currency have been excluded from this sensitivity as they have no monetary effect on the results

	Income Statement / Equity \$ 000
<b>Exchange rates:</b>	
<b>2015</b>	
+10% US\$ Sterling (GBP)	38
-10% US\$ Sterling (GBP)	(38)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

+10% US\$ Euro	18
-10% US\$ Euro	(18)
+10% US\$ South African Rand (ZAR)	0.3
-10% US\$ South African Rand (ZAR)	(0.3)
+10% US\$ Cdn\$	2.1
-10% US\$ Cdn\$	(2.1)

**Income  
Statement /  
Equity  
\$ 000**

---

**Exchange rates:**

**2014**

+10% US\$ Sterling (GBP)	25
-10% US\$ Sterling (GBP)	(25)
+10% US\$ Euro	8
-10% US\$ Euro	(8)
+10% US\$ South African Rand (ZAR)	0.1
-10% US\$ South African Rand (ZAR)	(0.1)

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- Fluctuating other receivable and trade payable balances
- Fluctuating cash balances
- Changes in currency mix

### **Credit risk**

Financial instruments that potentially subject the Group to a significant concentration of credit risk consist primarily of trade debtors and cash and cash equivalents. The Group limits its exposure to credit loss by placing its cash with major financial institutions. As at 31 December 2015, the Group held \$45,000 in cash and cash equivalents (2014: \$174,000) and had a \$62,000 bank overdraft (2014: \$nil).

### **Liquidity risk**

Some of the Group's financial liabilities are classified as current and some are non-current. The Group intends to settle these liabilities from revenue generated from sales production, sale of assets and working capital.

### **Market risk**

The Group's investment in an available for sale financial asset is a small shareholding in an unlisted company. The shares are not readily tradable and any monetisation of the shares is dependent on finding a willing buyer.

## **31. Related party transactions**

### *Borrowings*

On 9 April 2015 Premier formalised repayment and conversion terms of loans previously made by the Chairman and CEO, George Roach of which the carried forward balance at 31 December 2014

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

was \$767,000. At this time, Mr Roach provided further funding of \$250,000 on the same terms. The combined loans are unsecured and bear interest at LIBOR plus 3%. The loan will become repayable by Premier as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. Mr Roach may elect to convert all or part of the loans into new ordinary shares at a conversion price that is the lesser of the volume-weighted average price of the ordinary shares for the five days immediately prior to the date of conversion or the closing price of the ordinary shares on the date of the loans.

During the year ended 31 December 2015, Mr Roach elected to convert \$794,000 of his loan into equity (refer notes 21 and 24). \$nil loans were repaid during the year.

The balance of the loans to Premier at 31 December 2015 was \$249,000 (2014: \$767,000) (refer note 21).

Additionally during the year, Mr Roach provided a \$300,000 loan direct to RHA. The loan is unsecured and bears interest at a rate of LIBOR plus 3%. The loan with any accrued interest will become repayable by RHA as soon as third party indebtedness has been repaid in full or with the prior consent of all third party lenders.

Subsequent to the reporting date, Mr Roach converted the balance of his loans plus accrued interest to Premier into equity (refer note 33). The direct loan to RHA of \$300,000 plus accrued interest of \$3,000 remains outstanding. During 2015, Mr Roach earned a total of \$27,000 in interest on his loans.

The following table shows receivables due ultimately to the parent company from related parties within the Premier Group. There were no payables from Premier to group companies.

		<b>Receivables</b>	
<b>Entity</b>	<b>Relationship</b>	<b>2015 \$000</b>	<b>2014 \$000</b>
AgriMinco Corp.	1	255	255
RHA Tungsten (Pvt) Limited	2	13,503	8,734
ZimDiv Holdings Limited	3	3,119	1,017
G and B African Resources Benin SARL	4	67	22
Regent Resources Capital Corporation SAU ('RRCC')	5	3,151	3,061
		20,095	13,089

1. Premier was the controlling party of AgriMinco Corp. ('ANO') that was accounted for as a subsidiary until June 2014. The Chairman of Premier is also the Chairman of ANO. The receivable relates to advances made to meet its expenses. The balance outstanding at the year-end is \$255,000 (2014: \$255,000).
2. RHA Tungsten (Pvt) Limited is 49% owned by RHA Tungsten Mauritius Limited which has management control (refer note 4) and is therefore a related party. The receivable relates to advances made by Premier through its Mauritian holding companies to further mine development and to fund administrative costs and a \$4,057,000 loan premium agreed in the shareholders' agreement entered into in August 2013. During the year, Premier funded a further \$4,769,000 to bring RHA into production. The balance outstanding at the year-end is \$13,503,000 (2014: \$8,734,000).
3. ZimDiv Holdings Limited is a subsidiary and is therefore a related party. The receivable relates to advances made to its operating companies in Zimbabwe (other than RHA which is disclosed separately in note 2 above) to further exploration and fund administrative costs and to its holding companies in Mauritius for the purchase of capital items and to fund administrative costs, totaling \$2,102,000 (2014: \$2,027,000). The balance outstanding at the year-end is \$3,119,000 (2014: \$1,017,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- G and B African Resources Benin SARL is a wholly owned subsidiary. The receivable relates to advances totaling \$45,000 to meet its expenses in Benin during 2015 (2014: nil). The balance outstanding at the year-end is \$67,000 (2014: \$22,000).
- RRCC is a subsidiary and is therefore a related party. The receivable relates to advances made to meet its administrative expenses in Togo during 2015 totaling \$90,000 (2014: \$77,000). The balance outstanding at the year-end is \$3,151,000 (2014: \$3,061,000).

### *Supplies and Services*

During 2015 administration fees of \$35,500 (2014: \$33,000) were paid by Premier to a trading business in which Mr G Roach, Director is the beneficial owner. Administration fees comprised allocated rental costs and administrative support services. At the financial year-end \$8,500 (2014: \$33,000) of this amount remains in payables.

During 2015 capital goods, consumables and small equipment for RHA totalling \$36,624 (2014: nil) was purchased on behalf of RHA by a business in which Mr G Roach, Director is a beneficial owner. At the financial year end the entire amount remains in creditors.

### **Remuneration of key management personnel**

The remuneration of the Directors and other key management personnel of the Group is set out below for each of the categories specified in IAS 24 *Related Party Disclosures*.

	<b>2015</b>	<b>2014</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Consulting fees	360	478
Staff costs	206	107
Management fees	-	30
Directors' fees	127	68
Share based payments	50	211
	<u>743</u>	<u>894</u>

### **32. Non-controlling interests**

	<b>\$ 000</b>
At 1 January 2014	<u>2,208</u>
Elimination of non-controlling interest on disposal of AgriMinco	(1,284)
Non-controlling interest in share of losses in the year	<u>(551)</u>
At 31 December 2014	373
Non-controlling interest in share of losses in the year	<u>(1,870)</u>
At 31 December 2015	<u>(1,497)</u>

The share of losses in the year represents the losses attributable to non-controlling interests for the year.

### **33. Events after the reporting date**

#### **MOU for acquisition of controlling interest in TCT Industrias Florestais Limitada**

On 27 April 2016, the Company agreed terms to conditionally acquire an initial 52% interest in privately held Mozambique-based TCT Industrias Florestais Limitada ("TCT"). TCT owns a limestone deposit, forestry operations and operates a lodge and game farm and hunting concession. TCT's accounts are unaudited and the most recent available are for the year ended 31 December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TCT's turnover for that period was \$1 million, principally comprising sales of timber and wood-based products. TCT's loss before taxation amounted to \$128,000 with total assets of \$537,000.

The Company has 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 \$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 \$220,000 and is payable to TCTM on satisfaction of the conditions precedent to the transaction and will be held in escrow pending completion. The second tranche of \$440,000 is payable in cash or shares 60 days after payment of the first instalment. The third and fourth tranches of \$220,000 each are also payable in cash or shares payable 90 and 120 days after payment of the first instalment. 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 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 \$1.0 million and is payable in five (5) tranches. The initial tranche of the consideration amounts to \$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 \$780,000 is payable in four (4) equal instalments of \$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 \$190,000 due on the thirteenth (13<sup>th</sup>) 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 \$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 \$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 \$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 \$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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Issue of equity

#### *Subscriptions*

On 13 January 2016, the Company accepted direct subscriptions of £232,000 for the issue of 70,303,030 new ordinary shares at a price of 0.33 pence per ordinary share.

On 2 February 2016, the Company accepted direct subscriptions of £310,200 for the issue of 119,307,692 new ordinary shares at a price of 0.26 pence per ordinary share.

On 1 March 2016, the Company accepted a direct subscription of £500,000 for the issue of 100,000,000 new ordinary shares at a price of 0.5 pence per ordinary share.

On 27 April 2016, the Company accepted direct subscriptions of £1.1 million for the issue of 146,666,667 new ordinary shares at a price of 0.75 pence per ordinary share (refer detail above).

#### *Conversion of Loan*

On 2 February 2016, the Company received a conversion notice from George Roach who elected to convert the balance of his loan plus accrued interest to Premier in the amount of \$247,000 (£173,000) in accordance with the terms of his loan agreement with the Company. The Company therefore issued 47,479,109 new ordinary shares at a price of 0.364 pence per ordinary share. Following conversion, the loan to Premier is fully repaid, and only a residual loan to RHA direct of \$300,000 plus interest remains outstanding.

#### *Conversion of Loan Notes*

On 12 February 2016, the Company received a notice of exercise by Darwin to convert £210,000 loan notes at 105% of par value into equity. The Company therefore issued 77,954,475 new ordinary shares at a price of 0.269388 pence per ordinary share in accordance with the terms of the agreement.

On 18 February 2016, the Company received a notice of exercise by Darwin to convert £232,500 loan notes at 105% of par value into equity. The Company therefore issued 79,678,407 new ordinary shares at a price of 0.291798 pence per ordinary share in accordance with the terms of the agreement.

On 22 February 2016, the Company received a notice of exercise by Darwin to convert £175,000 loan notes into equity. The Company therefore issued 42,817,855 new ordinary shares at a price of 0.408708 pence per ordinary share in accordance with the terms of the agreement.

On 23 February 2016, the Company received a notice of exercise by Darwin to convert £325,000 loan notes into equity. The Company therefore issued 59,897,676 new ordinary shares at a price of 0.542592 pence per ordinary share in accordance with the terms of the agreement. This conversion settles the remaining February 2015 loan notes.

On 24 February 2016, the Company received a final notice of exercise by Darwin to convert £200,000 loan notes into equity. The Company therefore issued 36,860,109 new ordinary shares at a price of 0.542592 pence per ordinary share in accordance with the terms of the agreement. This conversion settles the remaining loan notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Finance received

On 15 February 2016, RHA received a working capital facility of \$200,000 from its local Zimbabwe banking institution to be used for payment of direct operating expenses associated with the production of wolframite concentrates. The facility bears interest at the bank's cost of funds of 5.25% plus a margin of 8.75% and is guaranteed by the Company. The facility is for an initial term until 31 October 2016. As of today's date, RHA has drawn down approximately \$185,000 on the facility.

### Termination of open pit contract and payment terms agreed

The Company entered into a Memorandum of Agreement with JR Goddard Contracting (Pvt) Ltd, the contractor for the open pit mining at RHA, the contract for which was entered into on 9 March 2015. The parties agreed to terminate the open pit contract from 10 March 2016. Amounts owing to JRG as at 11 March 2016 amount to \$851,312 including a \$247,000 termination benefit and interest but excluding VAT of 15% with first payment deferred to 1 May 2016. Interest is charged at 12% per annum, compounded monthly. Repayments are agreed at \$54,626 per month for a period of 20 months.

### Authorised share capital

At the Company's Annual General Meeting held on 22 April 2016, the resolution to increase the Company's authorised share capital from 2 billion to 4 billion was duly passed.

### Retirement of director

On 22 April 2016, Neil Herbert retired by rotation from the Board of Directors at the Company's Annual General Meeting. Mr Herbert elected not to stand for re-election.

### 34. Ultimate controlling party

There is no single ultimate controlling party.

### 35. Posting of accounts

The annual report for the financial year to 31 December 2015 will be distributed to all shareholders on 10 June 2016 and will be available for download on the Company's website [www.premierafricanminerals.com](http://www.premierafricanminerals.com).

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

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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 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 Minerals Ltd ("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**