

For immediate release

28 January 2015

Premier African Minerals Limited
(“Premier” or the “Company”)
Implementation study completed for RHA Tungsten Project

Premier African Minerals Limited, the AIM-traded, multi-commodity natural resource company with mineral projects located in Southern and Western Africa, provides details of the Implementation Study Report prepared by the Company in regard to the open pit start up strategy for the RHA Tungsten Project (“RHA”) in Zimbabwe. Premier is the operator and holds a 49% interest.

Highlights

- **Pre-production capital reduced to US\$4.15M**
- **Operating cost reduced to US\$89.1/mtu**
- **Project schedule maintained, targeting first production in June 2015.**
- **Definitive estimate confirms robust project economics**
- **Process plant fabrication on schedule**

George Roach, CEO, commented:

“The Implementation Study confirms our strategy for RHA and supports our conclusions that the open pit is projected to generate sufficient surplus cash to allow both commencement of repayment of loans made to RHA by Premier, and to finance the build of the underground operations. Most encouraging is the projected operating cost of US\$89.1 per mtu WO₃. Sensitivities included in the Implementation Study at section 15.5 set out just how robust RHA potentially is.

Premier remains in negotiations on the procurement of additional finance and it is important that the projected timeline to production at RHA remains dependent on closing negotiations presently underway. Similarly, whilst Premier has been offered off-take agreements for life of mine, the current discount associated with these offers is high, reflecting the current soft pricing of APT. Under the circumstances that RHA has the potential to be a significant, stable and long-term producer, and in accordance with Zimbabwean Government policy that encourages beneficiation, Premier is investigating the alternative market route of Ferro tungsten production.”

Implementation Study

Premier has completed a detailed Implementation Study on the low capital open pit start up strategy previously announced (Press release of 28 October 2014). RHA will target processing of 8,000 tonnes of run of mine ore per month at a diluted grade of 10.24kg/t to produce, on average 92 tons of concentrate at 63% WO₃ per month over a 22 month period. The definitive estimate is a culmination

of work performed by Peacocke Simpson & Associates (Pvt.) Ltd, Appropriate Process Technologies (APT), CAE Mining Africa (CAE Mining), Senet (Pty) Ltd, Blonton Management Consultants, Ground Water Development Consultants, Constant Chuma Consulting and Bumira Environmental Consultants (Bumira), collectively “the Consultants” and is considered suitable as the control budget estimate for the execution phase (-5% to +15%).

Open Pit Financial Model

The financial model incorporates firm quotations for 80% of the pre-production capital estimate including fabrication and installation of the process plant, earthworks and civil works, road upgrade, mining contract as well as the procurement and construction management contract.

The Implementation Study Report is available for download from the Company’s website, www.premierafricanminerals.com.

The results of the definitive estimate presented in the Implementation Study Report are tabulated below.

Item	Internal Assessment – Open Pit
Life of Mine (Months)	22
Price (US\$/mtu) received	214.5
Net Revenue (net of selling costs) (US\$ million)	26.02
Operating cost (US\$ million)	11.35
Pre-production Capital cost (US\$ million)	4.146
Project LoM Capital cost (US\$ million)	5.758
Contingency (included in capital cost)	0.142
Pre-tax Cash flow (US\$ million)	8.92
NPV ₁₀ pre-tax (US\$ million)	5.4
Payback from first production (months)	10.0
IRR (%), Pre-tax	161

Execution progress

Premier provides an update on the execution progress:

Early works

- Construction camp upgrade – Completed November 2014
- U/G Mine dewatering – Completed November 2014
- U/G Mine rehabilitation – Completed December 2014
- U/G channel sampling – Completed January 2015

Implementation programme

- Place order on plant fabrication– Completed December 2015
- Adjudicate Mining contract – Completed January 2015
- Adjudicate Road upgrade and earthworks and civils contract – Completed January 2015
- Adjudicate Procurement and Construction management contract – Completed January 2015

Next steps

- Initiate all construction contracts
- Initiate operational readiness program

- Obtain and finalise all required operational permitting
- Submit ESIA report for approval

Qualified Person

Werner Swanepoel, Chief Operating Officer of Premier, has reviewed and approved this release and the attachments thereto that are available for download from the Premier website. Mr Swanepoel has 21 years' experience in the Southern African mining industry and holds a Master's degree in Mining Engineering, an MBA and Mine Manager's Certificates in both Metalliferous and Coal Mining. He is a registered Professional Engineer with the Engineering Council of South Africa.

Forward Looking Statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

Enquiries

Pamela Hueston	Premier African Minerals Limited	Tel: +44 (0) 755 778 3855
Michael Cornish / Roland Cornish	Beaumont Cornish Limited (Nominated Adviser)	Tel: +44 (0) 207 628 3396
Jerry Keen/ Edward Mansfield	Shore Capital Stockbrokers Limited	Tel: +44 (0) 207 408 4090
Tim Blythe/ Halimah Hussain	Blytheweigh	Tel: +44 (0) 207 138 3204

Notes

Premier African Minerals Limited (AIM: PREM) is a multi-commodity exploration and development company focused in Southern and Western Africa. The Company has a diverse portfolio of multi-commodity projects which includes tungsten, rare earth elements, gold, lithium and tantalum in Zimbabwe and Togo, which span from brownfield projects with near-term production potential to grass-roots exploration. The Company holds 2m shares in Circum Minerals Limited (Circum), the owners of the Danakil Potash Project. At present those shares are valued at US\$2,5m based on the latest price at which Circum has accepted subscriptions.

Glossary of Technical Terms

“**IRR**” means **Internal rate of return** and is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero.

“**mtu**” means metric ton unit, i.e. 10Kg of contained WO_3 in concentrate.

“**NPV₁₀**” means the present value of estimated future cash flows discounted at an annual discount rate of 10%.

“**WO₃**” is tungsten trioxide.

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