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

29 September 2014

**Premier African Minerals Limited ('Premier' or 'the Company')**
**Unaudited Interim Results for the six months ended 30 June 2014**

Premier African Minerals Limited, the AIM quoted multi-commodity natural resource company with mineral projects located in Southern and West Africa, announces its unaudited Interim Results for the six months ended 30 June 2014.

**Highlights**

- In the six months to 30 June 2014 the Group generated a profit of USD1.058 million
- Construction at RHA has commenced
- Payments from Circum to Premier since the period end amount to USD2 million with a further USD1 million expected 15 November 2014 and USD1 million on 15 January 2015

**Executive Chairman and CEO Statement**

It is encouraging in these Interims to note the significant realignment of our expenditure into project development from corporate costs, and the major developments at our RHA Tungsten Project in Zimbabwe during the period. It reflects the changing dynamic of Premier from a brownfield exploration company into a near term tungsten production company with positive cash flows from operations expected in 2015.

We continue to find Zimbabwe a Country, where mining projects can be executed in a timely and constructive manner.

As such, we continue to actively review our other projects and opportunities to ensure they comply with our strategies. These may involve further exploration to better define the 'Target', disposal, joint development or monetisation, whichever is most efficient.

As a consequence of these strategies, I am pleased to announce despite the continuing tough market for exploration and mining companies alike, a profit for the period of USD1.058million.

**RHA Tungsten Project – Zimbabwe ('RHA')**

Following the update of our resource announced in May 2014, metallurgical studies were progressed to the point at which the flow sheet design was finalised and process plant quotations are now under consideration. Premier announced a review of early production, low capital cost options and has largely completed a number of trade off studies intended to identify the best development strategy. This entailed a review of the reprocessing of tailings followed by and simultaneous with the reopening of the original underground mine and the development of the large new mine contemplated

in the mining study originally released in September 2013. Arising from these studies and based on the quality of the resource, the mineralisation and liberation characteristics of the deposit, another alternative development option has emerged. This entails a limited version of the open pit model and may be the most effective development option identified yet. In view of the fact that there is sufficient confidence in either, underground mine redevelopment and/or optimised open pit, and that surface work on either is common, initial construction has now commenced.

**Zulu Pegmatite**

Zulu is emerging as a significant "next in line" as soon as RHA is developed.

**Circum Minerals Limited**

Premier holds 2 million shares in Circum Minerals Limited ("Circum") with a fair value of USD1.4m. Most recent placements completed by Circum imply a current fair value on these shares of USD1.8m. Further details on the progress of the Danakil Potash Project are available at Circum's website, www.circumminerals.com.

**Togo and West African Operations**

The status of our operations in Togo remain as previously reported in our annual report. Assuming resolution of the issues presently under negotiation with Togolese officials, Premier intends to farm-out these projects into an independent Togo-centric exploration company in due course.

**Board Members and Management Changes**

Alexander du Plessis has tendered his resignation from the Board as has Richard Dollar. Both intend to pursue other interests and I extend my thanks to both and wish them well in the future.

**Financial Review**

In the six months to 30 June 2014 the Group generated a profit of USD1.058m. The profit includes:

- USD679k and USD2.3m gains on disposal of subsidiary and investment in joint venture, respectively related to the Danakil Potash Project acquired from AgriMinco and disposed of to Circum
- USD239k revaluation loss on the derivative financial instrument
- USD1.5m in administration costs which include a USD151k share based payment charge

The Company invested USD403k in its exploration properties, mainly at RHA and wrote-off USD133k in previously capitalised exploration costs associated with its Lubimbi Project in Zimbabwe.

**Funding**

Cash at the end of June 2014 was USD165k. Premier has received since the period end USD2m of a total of USD4m receivable from Circum. Further payments are expected on 15 November 2014 and

15 January 2015. In addition, in July I capitalised a portion of my loans, as previously announced, at the original listing price of 2p.

The Board continues to review funding requirements in conjunction with final RHA mine development decisions that are expected imminently. Further announcements will follow.

**Outlook**

We look forward to significant progress at RHA in anticipation of first production in the first half of 2015. We will only achieve this with significant support and contributions from Directors and management to whom I extend my appreciation.

**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.

George Roach
Executive Chairman and CEO

For further information please visit www.premierafricanminerals.com or contact the following:


| | | |
|---|---|---|
| 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 | Shore Capital Stockbrokers Limited | Tel: +44 (0) 207 408 4090 |

| | | |
|---|---|---|
| Mansfield | | |
| Tim Blythe/ Halimah Hussain | BlytheWeigh | Tel: +44 (0) 207 138 3204 |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

| | Notes | Six months to 30 June 2014 (Unaudited) | Six months to 30 June 2013 (Unaudited) | Year to 31 December 2013 (Audited) |
|---|---|---|---|---|
| **Continuing operations** | | **$000** | **$000** | **$000** |
| Administrative expenses | 4 | (1,516) | (1,181) | (2,598) |
| Depreciation and amortization expense | | (3) | (6) | (12) |
| Impairment of exploration and evaluation assets | | (133) | - | (2,118) |
| **Operating loss** | | (1,652) | (1,187) | (4,728) |
| Share of Joint Venture results | | (2) | - | (3) |
| Loss on revaluation of financial instrument | 10 | (239) | - | - |
| Gain on disposal of AgriMinco Corp | | 679 | | |
| Gain on sale of Investment in Joint Venture | | 2,283 | - | - |
| Gain on extinguishment of debt | | 5 | - | - |
| Finance costs | | (16) | - | (38) |
| | | 2,710 | - | (41) |
| **Profit (Loss) before income tax** | | 1,058 | (1,187) | (4,769) |
| Income tax expense | 5 | - | - | - |
| **Profit (Loss) for the period** | | 1,058 | (1,187) | (4,769) |
| **Other comprehensive income:** | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Foreign exchange translation | | 165 | (125) | 13 |
| **Total comprehensive income for the period** | | 1,223 | (1,312) | (4,756) |
| | | | | |
| **Profit (Loss) attributable to:** | | | | |
| Owners of the parent | | 1,449 | (1,312) | (3,811) |
| Non-controlling interests | | (391) | - | (958) |
| | | 1,058 | (1,312) | (4,769) |

| | | | | |
|---|---|---|---|---|
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent | | 1,614 | (1,312) | (3,798) |
| Non-controlling interests | | (391) | - | (958) |
| | | 1,223 | (1,312) | (4,756) |
| **Earnings (Loss) per share (expressed in US cents)** | | | | |
| Basic earnings (loss) per share | 6 | 0.2c | (0.4c) | (1c) |
| Diluted earnings (loss) per share | 6 | 0.1c | (0.4c) | (1c) |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2014 (Unaudited) $ 000 | 30 June 2013 (Unaudited) $ 000 | 31 December 2013 (Audited) $ 000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible exploration and evaluation assets | 7 | 6,176 | 7,287 | 5,906 |
| Investment in Joint Venture | 8 | - | - | 5,440 |
| Investments | 9 | 1,400 | - | - |
| Property, plant and equipment | | 32 | 42 | 37 |
| **Total non-current assets** | | 7,608 | 7,329 | 11,383 |
| **Current assets** | | | | |
| Derivative financial instruments | 10 | 181 | - | - |
| Other receivables | 11 | 4,255 | 130 | 39 |
| Cash and cash equivalents | | 165 | 157 | 97 |
| **Total current assets** | | 4,601 | 287 | 136 |
| **TOTAL ASSETS** | | 12,209 | 7,616 | 11,519 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |

| | | | | |
|---|---|---|---|---|
| Trade and other payables | 12 | (652) | (340) | (1,632) |
| Borrowings | 13 | (1,498) | - | (1,108) |
| Debentures | | - | - | (1,744) |
| Shares to be issued | | - | (1,500) | (36) |
| **TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES** | | (2,150) | (1,840) | (4,520) |
| **NET ASSETS** | | 10,059 | 5,776 | 6,999 |
| **EQUITY** | | | | |
| Share capital | 14 | 14,284 | 11,007 | 12,599 |
| Merger reserve | | (176) | (176) | (176) |
| Foreign exchange reserve | | 310 | (94) | 145 |
| Share based payment reserve | | 848 | 591 | 697 |
| Retained earnings | | (5,741) | (5,552) | (8,474) |
| Total equity attributable to the owners of the parent company | | 9,525 | 5,776 | 4,791 |
| Non-controlling interests | | 534 | - | 2,208 |
| **TOTAL EQUITY** | | 10,059 | 5,776 | 6,999 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| | Notes | Six months to 30 June 2014 (Unaudited) | Six months to 30 June 2013 (Unaudited) | Year to 31 December 2013 (Audited) |
|---|---|---|---|---|
| | | **$000** | **$000** | **$000** |
| **Net cash outflow from operating activities** | 15 | (1,035) | (672) | (2,046) |
| **Investing Activities** | | | | |
| Exploration and evaluation expenditures | 7 | (403) | (587) | (1,254) |
| Cash acquired on acquisition of subsidiary | | - | - | 875 |

| | | | | |
|---|---|---|---|---|
| Cash paid on exercise of Danakil option | 8 | (1,389) | - | - |
| Costs of acquisition of subsidiary | | - | - | (180) |
| Costs on disposal of investment in Joint Venture | | (233) | - | - |
| **Net cash used in investing activities** | | (2,025) | (587) | (559) |
| | | | | |
| **Financing Activities** | | | | |
| Proceeds from borrowings | 13 | 390 | - | 1,108 |
| Proceeds from sale of investment in Joint Venture | | 2,500 | - | - |
| Cash given up on disposal of subsidiary | | (71) | - | - |
| Proceeds from term loan | | 2,500 | - | - |
| Repayment of term loan | | (2,500) | - | - |
| Proceeds from issue of share capital net of issue costs | 14 | 733 | - | - |
| Cash paid for equity swap less cash returned under the swap | | (436) | - | - |
| **Net cash inflow from financing activities** | | 3,132 | - | 1,108 |
| | | | | |
| **Net increase(decrease) in cash and cash equivalents** | | 72 | (1,259) | (1,497) |
| Cash and cash equivalents at start of period | | 97 | 1 | 1,518 |
| | | | | |
| Effect of foreign exchange rate variation | | 4 | (102) | 76 |
| **Net cash and cash equivalents at end of period** | | 165 | 157 | 97 |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

| | 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 |
| **At 1 January 2013** | 11,007 | (176) | 31 | 303 | (4,365) | 6,800 | - | 6,800 |
| Loss for the period | - | - | - | - | (1,187) | (1,187) | - | (1,187) |
| Foreign exchange translation | - | - | (125) | - | - | (125) | - | (125) |
| Total comprehensive income for the period | - | - | (125) | - | (1,187) | (1,312) | - | (1,312) |
| **Transactions with owners** | - | - | - | 288 | - | 288 | - | 288 |
| **At 30 June 2013** | 11,007 | (176) | (94) | 591 | (5,552) | 5,776 | - | 5,776 |
| Loss for the period | | | | | (2,624) | (2,624) | (958) | (3,582) |
| Foreign exchange translation | | | 239 | | (101) | 138 | - | 138 |
| Total comprehensive income for the period | | | 239 | | (2,725) | (2,611) | (958) | (3,444) |
| **Transactions with owners** | | | | | | | | |
| Gain on sale of Togo and Mali subsidiaries to non-controlling interest | - | - | - | - | 725 | 725 | - | 725 |
| Non-controlling interest arising on acquisition of AgriMinco | - | - | - | - | - | - | 2,424 | 2,424 |
| Reduction in ownership interest in RHA Tungsten | - | - | - | - | (742) | (742) | 742 | - |
| Cost attributable to acquisition of AgriMinco | - | - | - | - | (180) | (180) | - | (180) |
| Issue of equity shares | 1,592 | - | - | (60) | - | 1,532 | - | 1,532 |
| Share based payment | - | - | - | 165 | - | - | - | 165 |
| **At 31 December 2013** | 12,599 | (176) | 145 | 697 | (8,474) | 4,791 | 2,208 | 6,999 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Gain (loss) for the period | - | - | - | - | 1,449 | 1,449 | (391) | 1,058 |
| Foreign exchange translation | - | - | 165 | - | - | 165 | - | 165 |
| Total comprehensive income for the period | - | - | 165 | - | 1,449 | 1,614 | (391) | 1,223 |
| **Transactions with owners** | | | | | | | | |
| Elimination of non-controlling interest on disposal of AgriMinco | - | - | - | - | 1,284 | 1,284 | (1,284) | - |
| Issue of equity shares | 1,777 | - | - | - | - | 1,777 | - | 1,777 |
| Share issue costs | (92) | - | - | - | - | (92) | - | (92) |
| Share based payment | - | - | - | 151 | - | 151 | - | 151 |
| **At 30 June 2014** | 14,284 | (176) | 310 | 848 | (5,741) | 9,525 | 534 | 10,059 |

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the period from 1 January 2014 to 30 June 2014**

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

The Group's operations and principal activities are the exploration, evaluation and development of mineral reserves, primarily on the African continent. The presentational currency of the condensed consolidated interim financial statements is US Dollars.

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 were approved by the board and authorised for issue on 26 September 2014.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2013 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards ('IFRS') as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 December 2014 and on the basis of the accounting policies expected to be used in those financial statements.

The figures for the six months ended 30 June 2014 and 30 June 2013 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 December 2013 are extracts from the 2013 audited accounts and do not constitute full accounts. The independent auditor's report on the 2013 accounts was not modified.

## 3. SEGMENTAL REPORTING

Segmental information is presented in respect of the information reported to the Directors. Currently the Group is in the exploration phase and no revenue is being generated. The main business segment is that of an exploration group and a corporate administrative entity.

An analysis of the Group's non-current assets by geographic location is set out below.

| | 30 June 2014 (Unaudited) | 30 June 2013 (Unaudited) | 31 December 2013 (Audited) |
|---|---|---|---|
| **Non-current assets** | **$ 000** | **$ 000** | **$ 000** |
| Zimbabwe | 6,208 | 5,289 | 5,943 |
| Togo | - | 2,040 | - |
| Various territories | 1,400 | - | 5,440 |
| | 7,608 | 7,329 | 11,383 |

## 4. ADMINISTRATIVE EXPENSES

| | Six months to 30 June 2014 (Unaudited) | Six months to 30 June 2013 (Unaudited) | Year to 31 December 2013 (Audited) |
|---|---|---|---|
| | **$ 000** | **$ 000** | **$ 000** |
| Staff costs | 149 | 135 | 213 |
| Consulting and advisory fees | 243 | 197 | 487 |
| Management fees | 30 | - | 62 |
| Directors' fees | 38 | 26 | 69 |
| Audit, accounting and legal fees | 398 | 242 | 381 |
| Marketing and public relations | 52 | 40 | 51 |
| Travel | 159 | 116 | 244 |
| Vehicle | 41 | 39 | 68 |
| Insurance | 14 | - | 20 |
| Office and administration | 231 | 99 | 527 |
| Realized foreign exchange (gain) loss | 10 | (1) | 23 |

| | | | |
|---|---|---|---|
| Share based payment | 151 | 288 | 453 |
| | 1,516 | 1,181 | 2,598 |

## 5. TAXATION

There is no taxation charge in the period to 30 June 2014 (June 2013: nil, Dec 2013: 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.

To date, 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.

## 6. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is based on the profit (loss) after taxation divided by the weighted average number of shares in issue during each period.

| | **Six months to 30 June 2014 (Unaudited) $ 000** | **Six months to 30 June 2013 (Unaudited) $ 000** | **Year to 31 December 2013 (Audited) $ 000** |
|---|---|---|---|
| Net profit (loss) after taxation | 1,058 | (1,187) | (4,769) |
| Weighted average number of Ordinary Shares in calculating basic earnings per share ('000s) | 439,012 | 335,568 | 346,096 |
| Basic loss per share (expressed in US cents) | 0.2c | (0.4c) | (1c) |
| Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (000's) | 722,928 | 335,568 | 689,660 |
| Diluted earnings (loss) per share (expressed in US cents) | 0.1c | (0.4c) | (1c) |

## 7. EXPLORATION AND EVALUATION ASSETS

| | **Total** |
|---|---|
| **Cost** | |
| At 1 January 2013 | 6,724 |
| Expenditure on exploration and evaluation | 586 |
| Foreign exchange | (23) |
| At 30 June 2013 | 7,287 |
| Expenditure on exploration and evaluation | 668 |
| Foreign exchange | 69 |

| | |
|---|---|
| Impairment of exploration and evaluation assets | (2,118) |
| At 31 December 2013 | 5,906 |
| Expenditure on exploration and evaluation | 403 |
| Impairment of exploration and evaluation assets | (133) |
| At 30 June 2014 | 6,176 |

Exploration costs not specifically related to a license or project or on speculative properties are expensed directly to profit or loss in the period incurred.

During the period the capitalised costs relating to the Lubimbi project located in Zimbabwe were impaired. The Board has decided to focus on its tungsten, lithium/tantalum and fluorspar projects in Zimbabwe.

## 8. INVESTMENT IN JOINT VENTURE

| | **$ 000** |
|---|---|
| At 1 January 2013 and 30 June 2013 | - |
| Fair value of Joint Venture on acquisition of AgriMinco | 5,443 |
| Share of Joint Venture results | (3) |
| At 31 December 2013 | 5,440 |
| Share of Joint Venture results | (2) |
| Foreign exchange | (54) |
| Disposal of Joint Venture | (5,384) |
| At 30 June 2014 | - |

On 20 March 2014, the Company entered into an option agreement with AgriMinco in which AgriMinco granted Premier the exclusive option to purchase AgriMinco's 30% interest in the Danakil Potash Project through its subsidiary Mandalore Development Limited ('Mandalore').

On 2 May 2014, Premier concluded the principal terms of a conditional interest free, term loan of $2.5 million repayable on 31 December 2014 with Circum Minerals Limited ('Circum') and granted Circum an option valid until 5 June 2014 to acquire Mandalore from Premier should Premier exercise its option with AgriMinco, conditional on TSXV and AgriMinco shareholder approval.

Premier exercised its option on 13 May 2014 by settling certain debentures amounting to $1.4 million (CDN$ 1.5 million), by ceding its 120 million shares in AgriMinco and, on 19 May 2014, with the issue of 55,833,454 new ordinary shares to the value of $916,000 (CDN$ 1 million) at an issue price of 0.9753p per share (note 14).

On 15 May 2014, Circum exercised its option to acquire Mandalore following Premier's exercising of its option with AgriMinco. Under the Circum option agreement, Premier received an amount of cash on completion equal to the amount advanced to Premier under the term loan, 2 million new Circum shares and a further four payments of $1 million each in cash payable on the second, fourth, sixth and eighth month anniversary of completion.

## 9. INVESTMENTS

During the period, the Company acquired 2 million shares in Circum Minerals Limited as part of the acquisition of AgriMinco's 30% interest in the Danakil Potash Project and subsequent disposal to Circum (note 8). Circum is an unlisted entity that now holds 100% of the Danakil Project. The shares had a fair value of $1.4 million on acquisition.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

On 28 January 2014, the Company entered into a finance package with YA Global Master SPV ('YAGM'). The finance package included a £3 million Standby Equity Facility ('SEDA') and a £500,000 subscription agreement and, separately a £300,000 equity swap agreement covering ordinary shares. YAGM subscribed for a total of 42,735,030 shares at a price of 1.17p per share (note 14).

Under the SWAP agreement, YAGM will make fifteen monthly settlement payments based on a formula related to the difference between the prevailing market price of ordinary shares in any month and a 'benchmark price' that is equal to the subscription price. Therefore the monthly settlement payments received by the Company will be dependent on the future price performance of the ordinary shares.

| | **$ 000** |
|---|---|
| At 30 June 2013 and 31 December 2013 | - |
| Shares issued in equity swap agreement | 495 |
| Settlement payments received | (75) |
| Revaluation of swap to expected recoverable amount | (239) |
| At 30 June 2014 | 181 |

At the reporting date there were 10 months remaining under the facility. Under the terms of the agreement the facility can be accelerated.

The Company has not made any drawdowns under the SEDA facility.

## 11. OTHER RECEIVABLES

| | **30 June 2014 (Unaudited) $ 000** | **30 June 2013 (Unaudited) $ 000** | **31 December 2013 (Audited) $ 000** |
|---|---|---|---|
| Sundry receivables | 240 | 80 | 2 |
| Prepayments | 15 | 50 | 37 |
| Amounts receivable on disposal of subsidiary (note 8) | 4,000 | - | - |
| | 4,255 | 130 | 39 |

## 12. TRADE AND OTHER PAYABLES

| | **30 June 2014 (Unaudited) $ 000** | **30 June 2013 (Unaudited) $ 000** | **31 December 2013 (Audited) $ 000** |
|---|---|---|---|
| Trade payables | 453 | 254 | 1,445 |
| Accruals | 199 | 86 | 187 |
| | 652 | 340 | 1,632 |

## 13. BORROWINGS

Borrowings comprise loans from a related party. Subsequent to the reporting date, £300,000 of the loans under the original standby facility was converted to new ordinary shares in the Company (note 16).

## 14. SHARE CAPITAL

***Issued share capital***

| | Number of Shares | |
|---|---|---|
| | **'000** | **$ 000** |
| As at 1 January 2012* and 30 June 2012 | 47,950 | 1,562 |
| Share issues on 4 December 2012: | | |
| Shares issued for capitalisation of 2011 loans | 56,000 | 3,410 |
| Shares issued for services received | 14,175 | 454 |
| Shares issued to Admission Placees | 75,000 | 2,421 |
| Shares issued for Zulu option, first tranche of shares | 15,625 | 500 |
| Shares issued for capitalisation of 2012 loans | 118,443 | 3,790 |
| Shares issued for advisor fees | 8,375 | 269 |
| **As at 31 December 2012 and 30 June 2013** | 335,568 | 12,406 |
| Shares issued for advisor fees | 2,010 | 32 |
| Shares issued for Zulu option exercise | 48,878 | 1,500 |
| Shares issued for exercise of share options | 2,013 | 60 |
| **As at 31 December 2013** | 388,469 | 13,998 |
| Shares issued under subscription agreement (1) | 42,735 | 825 |
| Shares issued for services received (2) | 1,080 | 36 |
| Shares issued on acquisition of subsidiary (note 8) | 55,833 | 916 |
| | 488,117 | 15,775 |

| ***Reconciliation to balance as stated in the condensed consolidated interim statement of financial position*** | |
|---|---|
| **Issued share capital (before issue costs) as at 30 June 2014** | 15,775 |
| Share issue costs - year ended 31 December 2012 and 30 June 2013 | (1,399) |
| Share issue costs period ended– 30 June 2014 | (92) |
| **Issued share capital (net of issue costs) as at 30 June 2014** | 14,284 |

* Premier acquired the ZimDiv Group in a Share Exchange Agreement in advance of the Initial Public Offering. The transaction has been accounted for as a merger of entities under common control and presented in the condensed consolidated interim financial statements as if the Group has been one since from 1 January 2012.

(1) Shares issued to YAGM for finance package (note 10). 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 new ordinary shares for a total value of £22,000 to a consultant in satisfaction of the obligation for fees accrued at 31 December 2013.

## 15. NOTES TO THE CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

| | Six months to 30 June 2014 (Unaudited) | Six months to 30 June 2013 (Unaudited) | Year to 31 December 2013 (Audited) |
|---|---|---|---|
| | $ 000 | $ 000 | $ 000 |
| **Profit (Loss) before income tax** | 1,058 | (1,187) | (4,769) |
| Adjustments for: | | | |
| Depreciation and amortisation | 3 | 6 | 12 |
| Impairment of exploration and evaluation assets | 133 | - | 2,118 |
| Share of Joint Venture results | 2 | - | 3 |
| Foreign exchange | 10 | - | 23 |
| Finance costs | 16 | - | 38 |
| Gain on extinguishment of debt | (5) | - | - |
| Gain on sale of subsidiary | (679) | | |
| Gain on sale of Joint Venture | (2,283) | - | - |
| Loss on revaluation of derivative financial instrument | | - | |
| | 239 | | - |
| Share based payments | 151 | 289 | 453 |
| **Operating cash flows before movements in working capital** | (1,355) | (892) | (2,122) |
| (Increase)/decrease in receivables | (227) | 50 | 141 |
| Increase/(decrease) in payables | 547 | 169 | (65) |
| **Net cash (outflow) from operating activities** | (1,035) | (672) | (2,046) |

## 16. EVENTS AFTER THE REPORTING DATE

### Conversion of Loan

On 29 July 2014, George Roach issued a conversion notice to the Company in respect of £300,000 drawn down under the original standby facility agreement of £300,000. Accordingly, the Company issued 15 million new ordinary shares at an issue price of 2p each. Under the notice 13.6 million

shares were issued to George Roach and 1.4 million to Global Custody & Clearing Ltd. ('Global'). George Roach does not have a beneficial interest in Global.

**Options Issued**

On 29 July 2014, the Company awarded to Directors options to acquire up to 12 million ordinary shares of no par value in accordance with the Company's share option scheme. The options shall vest as to one-half on the first anniversary of the date of grant and the balance on the second anniversary. 6 million options were issued at an exercise price of 1.15p and 6 million at 1.5p. The options expire 10 years from date of grant.

In addition the Company awarded a further 13 million options to non-board employees and management on similar terms. 6.5 million options are exercisable at a price of 1.15p per ordinary share on or after 29 July 2015 and 6.5 million options are exercisable at a price of 1.5p per ordinary share on or after 29 July 2016. The options expire on 28 July 2024.

**Funding received**

The Company received its second and third tranche of $1 million each from Circum related to the disposal of the investment in Joint Venture (note 8). Two further tranches of $1 million each are due on 15 November 2014 and 15 January 2015.

**Liebenberg option**

In its Annual Report and Accounts 2013, Premier reported that subject to and in accordance with the provisions of the Option Agreement, the Liebenberg Option was exercised and that the grantors had been called upon to meet certain contractual warranties. To date the grantors have been unable to comply with their contractual warranties and have failed to transfer the tungsten mineral claims to Premier. Premier will be filing an application with the English court in accordance with the terms of the Option Agreement to have the grantors meet their contractual warranties. Once the matter has been heard, Premier will submit an application for a mining lease over the entire area.