

**For immediate release**

**28 October 2014**

**Premier African Minerals Limited  
 (“Premier” or the “Company”)**

**Open pit low capital strategy selected for early production at 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 low capital implementation strategy prepared by the Company in regard to the RHA Tungsten Project (“RHA”) in Zimbabwe. Premier is the operator and holds a 49% interest.

**Highlights**

- **Early low capital Open Pit production expected from Q2 2015.**
- **Revenue generated from Open Pit expected to finance full underground mine development.**
- **Project economics expected to support full debt financing that is under negotiation.**

**George Roach, CEO, commented:**

*“Our low capital cost open pit early production model has a target production date in the first half of 2015. When this is achieved, the cash generated is expected to fully finance the development of RHA as set out in the updated Preliminary Economic Assessment announced on 13 October 2014.*

*We are in advanced stage negotiations with off-take partners and debt providers and we look forward to updating shareholders in due course.”*

Premier has assessed various implementation strategies to enhance project value and reduce start-up capital costs. This work has culminated in a decision to start operations with an open pit mine, limited to an initial 18 month production period that has the potential to fully finance underground operations. Premier has prepared an internal preliminary economic assessment of the open pit start up option in isolation (“Internal Assessment”) to demonstrate the reduced capital requirements of this option as well as the self-funding capability once initial production has been commissioned.

**Financial Model**

The financial model incorporates a firm quotation from Appropriate Process Technologies for fabrication and installation of a process plant. For purposes of the Internal Assessment it was assumed the plant will be commissioned in March 2015.

Capital requirements, mainly on support infrastructure and tailing storage were adjusted downwards from the Preliminary Economic Assessment (announced 13 October 2014) to reflect the open pit operation.

The report on the low capital implementation strategy is available for download from the Company's website, [www.premierafricanminerals.com](http://www.premierafricanminerals.com).

The results of the low capital model are tabulated below.

<b>Item</b>	<b>Internal Assessment – Open Pit</b>
Life of Mine (Months)	18
Price (USD/MTU)	288.6
Net Revenue (net of selling costs) (USD million)	35.61
Operating cost (USD million)	12.15
Capital cost, Project (USD million)	4.8
Capital cost, Sustaining (USD million)	0.157
Contingency (included in capital cost)	0.402
Pre-tax Cash flow (USD million)	18.3
NPV <sub>10</sub> pre-tax (USD million)	15.8
IRR (%), Pre-tax	286

### **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 20 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, the owners of the Danakil Potash Project formerly held in part by AgriMinco Corp. At inception, those shares had a fair value of USD1.4m. Circum is fully funded to completion of feasibility study.

## 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.

“**NPV<sub>10</sub>**” means the present value of estimated future cash flows discounted at an annual discount rate of 10%.

"**WO<sub>3</sub>**" is tungsten oxide.

**ENDS**