

2 May 2014

Premier African Minerals Limited

('Premier' or 'the Company')

Update on AgriMinco Danakil Option

As previously announced on 20 March 2014 ("March Announcement"), Premier entered into an option agreement with AgriMinco Corp ("AgriMinco"), pursuant to which AgriMinco granted Premier the exclusive option to purchase 100% of the shares of Mandalore Developments Limited ("Mandalore"), AgriMinco's wholly-owned subsidiary that holds a 30% interest in Danakil Potash project (the "Project"), Ethiopia (the "Option Agreement"). Premier African Minerals announces that it has today concluded the principal terms of a conditional interest free, term loan of US\$2.5 million repayable on 31 December 2014 ("Bridge Loan") from Circum Minerals Limited ("Circum"), which has a 70% interest in the Project. The Bridge Loan will enable Premier to exercise the Option Agreement should TSX Ventures Exchange ("TSX-V") approval be forthcoming and other conditions precedent to the Bridge Loan be met. Whilst the Option Agreement is exercisable by Premier at its sole discretion, it is conditional on TSX-V approval that is expected in the week commencing 12 May 2014, following a Special General Meeting of disinterested shareholders of AgriMinco scheduled for 8 May 2014.

In aggregate, the consideration payable by Premier on exercise of the Option Agreement is currently estimated at CAN\$4.9 million (equivalent to £2.65 million) and would comprise the cancellation for no consideration of Premier's 42 per cent. shareholding in AgriMinco, the settlement of certain debt obligations owed by AgriMinco to third parties up to a maximum of a further CAN\$1.5 million and the issue to AgriMinco of new Premier Shares with a value equal to CAN\$1 million (based on the average trading price for the 5 consecutive trading days immediately prior to and following the exercise of the Option Agreement).

Premier also stated in the March Announcement that it was engaged in advanced negotiations intended to provide the necessary finance to exercise the Option Agreement and in so doing, place Premier in a position to monetise the whole or a portion of this asset. Accordingly, Premier has granted Circum an option valid until 5 June 2014 (the "Circum Call Option") that in the event that, following approval by AgriMinco's shareholders and the TSX-V of the sale of Mandalore, Premier exercises the Purchase Option, Circum may subsequently acquire Mandalore from Premier. The Circum Call Option is exercisable at the sole discretion of Circum, and is subject to conditions precedent including, *inter alia*, completion of due diligence by Circum. Under the Circum Call Option Premier would receive an amount in cash on completion equal to the amount advanced to Premier under the Bridge Loan, new Circum shares and further deferred consideration payable in either cash or Circum shares, that is anticipated, in aggregate, to be no less than the consideration paid by Premier to AgriMinco.

Commenting on the transaction, George Roach noted that whilst still incomplete, the prospect of closing the transaction will significantly assist Premier in advancing its Zimbabwe projects, in particular bringing RHA Tungsten closer to production, and this together with the retained interest in Circum has significant potential benefit for all our shareholders.

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

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Notes

Premier African Minerals Limited (AIM: PREM) is a multi-commodity exploration and development company focused in Southern and West Africa. As well as its 42 per cent. shareholding in TSX-Venture quoted AgriMinco (see www.agriminco.com), the Company has a diverse portfolio of multi-commodity projects which includes tungsten, rare earth elements, gold, lithium, tantalum and uranium in Zimbabwe and Togo, which span from brownfield projects with near-term production potential to grass-roots exploration.

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