Premier African Minerals

ANNUAL REPORT AND ACCOUNTS 2013

www.premierafricanminerals.com

MAP OF INTERESTS

TOGO

GOLD, CLAYS, PHOSPHATE, NICKEL LATERITE, LEAD-ZINC AND URANIUM

ZIMBABWE

TUNGSTEN, RARE EARTH ELEMENTS ('REE'), FLUORSPAR AND LITHIUM

Premier African Minerals

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EXECUTIVE CHAIRMAN AND CEO STATEMENT

This is our first full year after admission to AIM and our seventh since our company acquired its first exploration licences. Over the past few years, and in particular during 2013, the realities of the risk/reward factors that apply to mineral exploration, in addition to the difficult market conditions for junior exploration companies, have collectively contributed to a very challenging year. Despite this, we have retained our focus on development of certain key projects and advancing our strategies for dealing with other assets either by disposal, joint development or monetisation, whichever is most efficient. Corporate costs associated with implementation of these strategies have been disproportionate. However, the benefits of persistence in closing several transactions are now being felt as we move through 2014. Against that backdrop, I am pleased to present results for Premier's financial year ended 31 December 2013.

Zimbabwe Operations

Zimbabwe is a melting pot of opportunity and challenge. Premier continues to have confidence in Zimbabwe. At the heart of this lies a fundamental appreciation that development of any asset in Zimbabwe, and for that matter in many other developing countries, requires equitable involvement of State interests and an acknowledgement that a natural resource asset, be it mineral, agricultural or socially based, is in fact an asset of the State. From inception, Premier has strived to reach equitable agreements that recognise the risks involved in mineral resource exploration and development and provide a sustainable and stable operating environment that adequately rewards risk.

In August 2013, Premier concluded a shareholders' agreement with the National Indigenisation and Economic Empowerment Fund ('NIEEF') in regard to our Zimbabwe subsidiary company, RHA Tungsten (Private) Limited ('RHA') which sees Premier retain operational control over the project. This agreement meets all Premier's reasonable expectations and provides a model for future agreements over other assets as they advance through exploration and approach mine development.

RHA Tungsten – Zimbabwe ('RHA')

During the year under review, we completed an initial Resource statement and published a mining study that indicated strong economics for advancement of our studies with a view to early mine redevelopment. Additional resource drilling was completed in December 2013 and in May 2014 we announced a SAMREC compliant resource tonnage of 2.73 million tonnes at a composite grade of 8.7 kilograms per tonne of Wolframite (WO^3). The Measured and Indicated Resource increased to 1.55 million tonnes at a composite grade of eight kilograms per tonne of WO^3. Mineralogical and metallurgical studies commissioned early in 2014 are partially completed, as is an update to the Mine Study published in 2013. Premier is currently reviewing certain low capital options that may result in much earlier production from the RHA mine. Further updates on this will follow later this year.

Zulu Pegmatite

Ongoing exploration activities at Zulu have resulted in the conclusion that future development will require significant bulk sampling of the deposit. The alternative to this is the establishment of a pilot plant, which Premier is now investigating. Further updates will follow later this year.

Danakil Option

Premier completed the sale of its Togo and Mali subsidiaries to AgriMinco Corp. (TSX-V: ANO) in July 2013. As a consequence, the Company acquired a 42% interest in ANO and gained exposure to the Danakil potash property in Ethiopia ('Danakil') in which ANO retained a 30% interest. At the reporting date, Premier had control of ANO with the majority of board members being representatives of Premier.

In a series of subsequent transactions post year-end, Premier first acquired by way of the exercise of an option granted by ANO, this 30% interest in Danakil and then subsequently sold on that same interest to Circum Minerals Ltd ('Circum'). The net effect of the transactions is set out in detail in various press releases issued at the time but in summary, Premier relinquished its 42% interest in ANO, financed the liquidation of certain secured debt due by ANO, issued CAD$1m worth of new Premier shares to ANO and secured net cash proceeds from Circum of $5m and a shareholding in Circum with a nominal value of $1.4m. Fundamentally, these transactions place Premier in a situation of being adequately funded for the foreseeable future.

WOLFRAMITE

VIEW FROM MINE SITE

Togo and West African Operations

Premier maintains a small operation in Togo on a much reduced budget following the sale of our Togo phosphate operations to ANO last year. This reflects our focus on near term production opportunities in Zimbabwe and difficulties in our relations with the Ministry of Mines in Togo. Given these issues, the Board has decided to impair all exploration and evaluation costs capitalised for the Togo assets at the financial year-end.

Premier is in continuous discussions with Togolese authorities and is in early negotiations with other parties that have noted an interest in the Pagala deposits.

Board Members

On 20 August 2013, I was pleased to welcome to the Board Alexander du Plessis and Neil Herbert. Both have added invaluable expertise since their appointments.

I would also like to take this opportunity to thank Leslie Goodman and Bruce Cumming, both of whom stepped down from the Board during the year. Bruce Cumming still retains an active technical consulting role within the Group.

Funding

In January this year, the Company announced that it had entered into an agreement with YA Global Master SPV Limited ('YAGM') in January 2014. The agreement consists of a £3m Standby Equity Distribution Facility ('SEDA'), and a £500,000 subscription agreement and an equity swap agreement. To date, Premier has not utilised the SEDA facility and following completion of the ANO/Circum transactions is unlikely to require this facility. In fact in the earlier months of 2014 as previously announced, I had made further loan funds available to Premier in advance of the closing of the ANO/Circum transactions, funds that Premier has already partly redeemed from initial proceeds of this transaction. As previously announced, Premier expects to receive further payments from Circum of $1m on each of 15 July, September and November 2014 and January 2015.

Outlook

We have made good progress in tough times and with the expectation of being in a strong cash position believe we can look forward to advancement of our prime assets.

Finally, I would like to take this opportunity to thank my fellow directors, management, advisors and most importantly shareholders for their assistance and support during the Company's first full financial year as a listed entity.

George Roach
Executive Chairman and CEO
25 June 2014

DIRECTORS AND MANAGEMENT

THE TEAM THAT LEADS PREMIER COMBINES EXTENSIVE EXPERIENCE IN THE INTERNATIONAL MINING AND RESOURCE DEVELOPMENT SECTOR WITH STRONG AFRICA-WIDE KNOWLEDGE AND A REPUTATION FOR RESPONSIBLE OPERATIONS

George Roach: Chief Executive Officer & Executive Chairman

Mr Roach has been involved in the mineral exploration industry in sub-Saharan Africa for many years. He has extensive experience in securing and establishing mineral exploration tenure and operations throughout Africa namely, Central African Republic, South Africa, Chad, Mali, Namibia, Zambia and Tanzania. He was a founding Director and Managing Director Africa for UraMin Inc., a uranium resource company with operations in Namibia, South Africa and Central African Republic. UraMin was sold for US$2.5 billion in 2007 to Areva, a French public multinational industrial conglomerate. Mr Roach is Chairman of AgriMinco, a TSX Venture Exchange quoted company, and was appointed as a director of AfNat Resources Limited in 2009, which was AIM quoted until June 2010.

Pamela Hueston: Finance Director

Ms Hueston was formerly Chief Financial Officer (CFO) designate of AgriMinco (TSX:V), CFO of G & B Central African Resources and CFO of Virginia Diamond Field, which conducted a US$25m bulk sample diamond exploration project in South Africa. Ms Hueston was also Head Accountant with Caledonia Mining Corp, a junior gold mining and exploration company with operations in South Africa, Zimbabwe and Zambia and which is listed on the Toronto Stock Exchange and traded on AIM. Prior to working in the mining industry, Ms Hueston spent four years with Deloitte in various global locations working as a Senior Manager in Forensic Accounting.

Ms Hueston is a Canadian Chartered Accountant and MBA graduate from the University of Cape Town.

Ian Stalker: Non-Executive Director

Mr Stalker is Chief Executive Officer of Brazilian Gold Corporation, a TSX Venture Exchange quoted company. He has over 30 years of development and operational mining experience in Europe, Africa and Australia. He has undertaken operational roles in the base and precious metals arenas and executive positions in some of the largest mining companies in the world. From 2009 to 2011 he was CEO of Berkeley Resources Ltd, an ASX and AIM quoted company with its main asset being a uranium development project in Spain. He was CEO of UraMin Inc. from 2005 until its acquisition by Areva in 2007. Prior to joining UraMin, between 2005 and 2007 Mr Stalker was a Vice President of Gold Fields Ltd., the fourth largest gold producer in the world at the time.

Neil Herbert: Non Executive Director

Neil Herbert is a Fellow of the Association of Chartered Certified Accountants and has over 20 years of experience in finance. He has worked in the management of mining and exploration companies for over 15 years and was Co-Chairman and Managing Director of AIM quoted Polo Resources Limited, where he remains as a consultant. From 2005-2007 he was Financial Director for UraMin Inc., an African focussed uranium exploration company, and helped list the company on AIM and the Toronto Stock Exchange in 2006, raising up to US$400 million in equity financing and negotiating the sale of the group to Areva for US$2.5 billion. He holds a Joint Honours Degree in Economics and Economic History from the University of Leicester.

Alexander Du Plessis: Non Executive Director

Alexander Du Plessis is a Professional Engineer with extensive experience in management, development and operational roles, covering a range of commodities including diamonds, coal and gold in the African mining arena. He holds a BSc (Eng.) (Electrical) and MSc (Eng.) from the University of the Witwatersrand in South Africa, consults with a wide range of mining industry clients around the world, and is also a Visiting Adjunct Professor at the Centre for Mechanised Mining at the University of the Witwatersrand.

Richard Dollar: Consulting Geologist

Mr Dollar has over 50 years' experience exploring for minerals across Africa, including working as the resident geologist for African Associated Mines and for United States Steel Corp as a consultant identifying Fluorspar, Nickel and Platinum in Central and Southern Africa. He was instrumental in identifying, developing, building and subsequently disposing at least five mines including the Tiger Reef Mine, Jojo and Anzac Mines at Kwe Kwe to purchasers including Lonrho. He is experienced in operating in Zimbabwe and was involved in prospecting for and building a 10,000 tonne/month Tantalum mine at Gwanda. Mr Dollar holds a Bachelor of Science (Honours) in Geology from the University of Cape Town.

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") is the exploration, evaluation and development of mineral properties on the African continent. 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 2014, the primary focus is to complete certain technical studies and metallurgical work on its flagship RHA Tungsten Project and to investigate early low-capital production options with a view to production in the near-term.

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

To date the Group has not recorded any revenues from operations, nor has the Group commenced commercial production at any of its projects and operating losses are expected to occur for the foreseeable future. The Group's success will depend on its ability to raise capital and generate cash flow in the future. The Board manages this risk by monitoring cash levels and reviewing cash flow forecasts on a regular basis.

Early stage project risk

The Group's 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 Togo, Mali and Zimbabwe, 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.

There remains political instability in Mali following a military coup and the subsequent resignation of the President, as well as the on-going violent insurgency in the northern part of the country. Future succession elections in Zimbabwe and Mali may see periods of political and social unrest as the countries go through transition.

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
- ➢ regular board meetings and discussions with the Non-executive directors

The Group's activities expose it to a number of 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 27 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.

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 will provide 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 is an exploration stage resource Group.

The recoverability of the underlying value of exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Group to obtain the necessary financing to complete development, and future profitable production.

The Group has cash reserves at 20 June 2014 of approximately $300k. The Directors have prepared cash flow forecasts for the period ended 30 June 2015, taking into account forecast expenditure, available working capital, contracted cash inflows from Circum and the existing Chairman's loan facility. These forecasts indicate that the Group will not need to obtain additional finance or equity to fund its operations for the period to 30 June 2015.

In January this year, the Group announced that it had entered into a funding agreement with YA Global Master SPV Limited. The agreement consists of a £3 million Standby Equity Distribution Facility ('SEDA') and a £500,000 subscription agreement and an equity swap agreement (refer note 32). To date, Premier has not utilised the SEDA facility and following the completion of the AgriMinco Corp. ('AgriMinco') and Circum Minerals Limited ('Circum') transactions in May 2014 (refer note 32) is unlikely to require this facility. Premier received the first million in consideration from Circum on exercise of the option agreement and expects to receive further payments from Circum of $1 million on each of the 15 July, September, November 2014 and January 2015, for total consideration of $5 million.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned activities for the period to 30 June 2015 and have prepared these consolidated financial statements on the going concern basis.

Pamela Hueston
Director
25 June 2014

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 2013

Results and Dividends

The audited financial statements for the year ended 31 December 2013 are set out on pages 12 to 43. The Group incurred an operating loss of US$4,728,000 for the year ended 31 December 2013. The operating loss includes impairment charges of US$2,118,000 on exploration and evaluation assets in Togo (refer note 12).

The operating loss also includes an expense of US$453,000 for options awarded during 2012. No new options were awarded during 2013. The Group incurred a loss after tax for the year ended 31 December 2013 of US$4,769,000. As the Company is still in an exploration stage, the Directors do not recommend payment of a dividend in respect of the financial year under review.

Fundraising and Capital

No funds were raised through equity during the financial year 2013.

On 18 October 2013, 2,010,000 shares were issued to an advisory firm in settlement of brokerage fees to the value of US$32,000 and 48,878,000 shares were issued to Alpha International Business Limited in settlement of the $1.5 million Zulu option exercise which was accounted for as a liability and increase in exploration and evaluation assets in the 31 December 2012 accounts.

On 19 December 2013, 2,013,000 shares were issued on exercise of share options under the Group's share option plan. The share options had an exercise price of US$nil.

Further information on these transactions is included in notes 20, 21, 24 and 25 to the financial statements.

The Group has a loan facility from the Chairman. It was announced on 24 May 2013 that the Chairman increased this loan facility to not less than £600,000. Total funds drawn down on the facility at 31 December 2013 was $1,108,000 (approximately £671,000). Further information is included in notes 18 and 28.

Events after the reporting date

At the date these financial statements were approved, being 25 June 2014, the Directors were not aware of any significant events after the reporting date other than those set out in note 32 to the financial statements.

Directors

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

- George Roach (appointed on incorporation April 2007)
- Bruce Cumming (appointed on incorporation April 2007, resigned 20 August 2013)
- Pamela Hueston (appointed 15 March 2012)
- John (Ian) Stalker (appointed 4 December 2012)
- Leslie Goodman (appointed 4 December 2012, resigned 20 August 2013)
- Neil Herbert (appointed 20 August 2013)
- Alex Du Plessis (appointed 20 August 2013)

Substantial Shareholders

Premier has been notified as of 20 June 2014 of the following interests in excess of 3% of its issue share capital:

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PITTING IN TAILINGS

	Number of ordinary shares	% of issued share capital	Loan conversion warrants
Coc'Roach Limited[1]	111,959,109	22.94%	93,147,071
ZRH Nominees (0105) Ltd.[2]	79,936,153	16.38%	6,160,018
AgriMinco Corp.	55,833,454	11.44%	–
Alpha International Business Limited[5]	48,877,500	10.01%	–
YA Global Master SPV Limited	27,260,020	5.58%	–
Paddington Commercial Limited[3]	19,135,500	5.70%	19,135,000
Richard Dollar[5]	15,868,426	3.25%	–
Cumming Limited[4]	15,470,919	3.17%	–

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.
3. Paddington Commercial Limited is owned by Brendan Roach, George Roach's adult son.
4. Cumming Limited is owned by the Cumming Family Trust which is a partial discretionary trust pursuant to the terms of which Bruce Cumming and his family may fall within the class of potential beneficiaries.
5. Alpha International Business Limited is a nominee of Mr. R Dollar.

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

The Board has five directors, three of whom are Non-executive. 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 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 two Non-executive Directors; John (Ian) Stalker and Neil Herbert (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 and Neil Herbert (Committee Chairman). It is responsible for reviewing the performance of the senior executives and for determining their levels

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DRILL CORE STORAGE

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 to liaise with the Company's Nominated Advisor.

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 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 judgements 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
25 June 2014

INDEPENDENT AUDITOR'S REPORT

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

We have audited the group non-statutory financial statements on pages 12 to 43. 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 6 February 2013. 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 9, 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 2013 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

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.

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
25 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EXPRESSED IN US DOLLARS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $ 000	2012 $ 000
Administrative expenses	7	(2,598)	(2,041)
Depreciation and amortisation expense		(12)	(26)
Exploration expenses		–	(36)
Impairment of exploration and evaluation assets	12	(2,118)	–
Operating loss		(4,728)	(2,103)
Share of Joint Venture results		(3)	–
Finance (costs)/income	9	(38)	4
		(41)	4
Loss before income tax		(4,769)	(2,099)
Income tax expense	10	–	–
Loss for the year		(4,769)	(2,099)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange translation		13	31
Total comprehensive income for the year		(4,756)	(2,068)
Loss attributable to:			
Owners of the parent		(3,811)	(2,099)
Non-controlling interests		(958)	–
Loss for the year		(4,769)	(2,099)
Total comprehensive income attributable to:			
Owners of the parent		(3,798)	(2,068)
Non-controlling interests		(958)	–
Total comprehensive income for the year		(4,756)	(2,068)
Loss per share (expressed in US cents)			
Basic loss per share	11	(1c)	(3c)
Diluted loss per share	11	(1c)	(3c)

The notes on pages 16 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EXPRESSED IN US DOLLARS
AS AT 31 DECEMBER 2013

	Notes	2013 $ 000	2012 $ 000
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	12	5,906	6,724
Investment in Joint Venture	13	5,440	–
Property, plant and equipment	14	37	48
Total non-current assets		11,383	6,772
Current assets			
Trade and other receivables	16	39	180
Cash and cash equivalents		97	1,518
Total current assets		136	1,698
TOTAL ASSETS		11,519	8,470
LIABILITIES			
Current liabilities			
Trade and other payables	17	(1,632)	(170)
Borrowings	18	(1,108)	–
Debentures	19	(1,744)	–
Shares to be issued	20	(36)	(1,500)
		(4,520)	(1,670)
TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES		(4,520)	(1,670)
NET ASSETS		6,999	6,800
EQUITY			
Share capital	21	12,599	11,007
Merger reserve	22	(176)	(176)
Foreign exchange reserve	23	145	31
Share based payment reserve	24	697	303
Retained earnings		(8,474)	(4,365)
Total equity attributable to the owners of the parent company		4,791	6,800
Non-controlling interests		2,208	–
TOTAL EQUITY		6,999	6,800

These financial statements were approved and authorised for issue by the Board on 25 June 2014 and are signed on its behalf.

Pamela Hueston
Finance Director

The notes on pages 16 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EXPRESSED IN US DOLLARS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $ 000	2012 $ 000
Net cash outflow from operating activities	26	(2,046)	(1,760)
Investing Activities			
Exploration and evaluation expenditure	12	(1,254)	(1,826)
Cash acquired on acquisition of subsidiary		875	–
Costs of acquisition of subsidiary	29	(180)	–
Purchases of property, plant and equipment	14	–	(31)
Net cash used in investing activities		(559)	(1,857)
Financing Activities			
Proceeds from borrowings	18	1,108	3,766
Net proceeds from issue of share capital	21	–	1,291
Net cash from financing activities		1,108	5,057
Net (decrease)/increase in cash and cash equivalents		(1,497)	1,440
Cash and cash equivalents at beginning of year		1,518	68
Effect of foreign exchange rate variation		76	10
Net cash and cash equivalents at end of year		97	1,518

The notes on pages 16 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EXPRESSED IN US DOLLARS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital $ 000	Merger reserve $ 000	Foreign exchange reserve $ 000	Share based payment reserve $ 000	Retained earnings $ 000	Total attributable to owners of parent $ 000	Non-controlling interests ("NCI") $ 000	Total Equity $ 000
At 1 January 2012	1,562	(176)	–	20	(2,267)	(861)	–	(861)
Loss for the year	–	–	–	–	(2,098)	(2,098)	–	(2,098)
Foreign exchange translation	–	–	31	–	–	31	–	31
Total comprehensive income for the year	–	–	31	–	(2,098)	(2,067)	–	(2,067)
Transactions with owners								
Issue of equity shares	10,844	–	–	–	–	10,844	–	10,844
Share issue costs	(1,399)	–	–	–	–	(1,399)	–	(1,399)
Share based payment	–	–	–	283	–	283	–	283
At 31 December 2012	11,007	(176)	31	303	(4,365)	6,800	–	6,800
Loss for the year	–	–	–	–	(3,811)	(3,811)	(958)	(4,769)
Foreign exchange translation	–	–	114	–	(101)	13	–	13
Total comprehensive income for the year	–	–	114	–	(3,912)	(3,798)	(958)	(4,756)
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	–	–	–	454	–	454	–	454
At 31 December 2013	12,599	(176)	145	697	(8,474)	4,791	2,208	6,999

The notes on pages 16 to 43 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 exploration, evaluation 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. These consolidated financial statements merge the two groups as if they were one group controlled by Premier throughout the entire period of presentation of financial information. 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.

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. 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 2013:

Title	Subject	Effective date
IFRS 9	Financial instruments – Classification and Measurement	1 Jan 2015**
IFRS 10	Consolidated Financial Statements	1 Jan 2013*
IFRS 11	Joint arrangements	1 Jan 2013*
IFRS 12	Disclosure of Interests in Other Entities	1 Jan 2013*
IFRS 13	Fair Value Measurement	1 Jan 2013*
IAS 27	Separate Financial Statements (amended May 2011)	1 Jan 2013*
IAS 28	Investments in Associates and Joint Ventures (amended May 2011)	1 Jan 2013*
IAS 19	Employee Benefits (as amended June 2011)	1 Jan 2013*
IAS 32	Financial Instruments – Presentation (amendment)	1 Jan 2014*
IFRIC20	Stripping Costs in the Production Phase of a Surface Mine	1 Jan 2013*

*Effective in the EU from 1 Jan 2014
**subject to EU endorsement

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

Revenue

The Group's principal activities are exploration and therefore it did not earn any revenue for the two years ending 31 December 2013.

Foreign currencies

The Group's presentation currency is US Dollars. Each entity in the Group determines its own functional currency. As at the reporting date, the asset and liabilities of these entities are translated into the presentation currency of the Group which is the US Dollar ($), at the rate of exchange ruling at the reporting date and their income statements are translated at the monthly average exchange rate.

Exchange rates used as at the reporting date were as follows:

US$: £ – 1.65
US$: Euro – 1.38
US$: XOF – 0.002
US$: ZAR – 0.095
US$:CDN$ – 0.950

Exchange differences arising, if any, on translation of the results and financial position of the Group's entities with functional currencies different from the Group's presentation currency are recognised in other comprehensive income and the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. All other differences are taken to 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.

E&E assets comprise costs of E&E activities that are on-going at the reporting date, pending determination of whether or not commercial reserves exist and costs of E&E that, whilst representing part of the E&E activities associated with adding to the commercial reserves of an established license area, did not result in the discovery of commercial reserves.

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.

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. If commercial reserves have been discovered, 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 development and production assets.

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.

Investment in Joint Venture

The Company is accounting for its investment in the Joint Venture using IAS 31 *Interests in Joint Ventures*. IAS 31 sets out the accounting for an entity's interests in various forms of joint ventures: jointly controlled operations, jointly controlled assets, and jointly controlled entities. The standard permits jointly controlled entities to be accounted for using either the equity method or by proportionate consolidation. IAS 31 applies to accounting for all interests in joint ventures and the reporting of joint venture assets, liabilities, income, and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place, except for investments held by a venture capital organization, mutual fund, unit trust, and similar entity that (by election or requirement) are accounted for as under IAS 39 at fair value with fair value changes recognized in profit or loss.

The Group uses the equity method to account for its investment in joint venture.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets 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:

- Buildings – 10 years
- Motor vehicles – 4 years
- Computer equipment – 5 years
- Office and other equipment – 5 years

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 revalued 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 revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

The Group's financial instruments comprise cash and cash equivalents, loans and shareholder borrowings and payables and receivables arising from its operations. The Group has subsidiaries in Togo, Mali, Benin and Zimbabwe whose expenses are denominated in the West African CFA Franc and US dollars. Exchange risk is inherent in the Group's activities and is accepted as such.

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. 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.

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, or may not have the ability to repay the liability within 12 months of 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.

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.

Share based payment transactions

The Group operates an equity-settled share option plan. The fair value of the service received in exchange for the grant of options is recognised as an expense. 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 payment 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 Company also entered into agreements to settle amounts due from advisors using equity and an agreement to acquire a licence using equity. The fair value was measured using the fair value of goods and services received.

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.

Operating segments

IFRS 8 provides segmental information 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.

Operating loss

Operating loss is stated before income tax expense, share of results of joint ventures and finance costs.

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 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 2013 was $5,906,000 (2012: $6,724,000). An impairment of $2,118,000 in respect of the Togo assets was recognised in 2013 (2012: $nil).

Basis of consolidation

AgriMinco Corp.

During the year, Premier acquired a 42% stake in AgriMinco Corp. ('AgriMinco') and was the largest single shareholder at the reporting date. At 31 December 2013, the controlling shareholder in Premier held a 9% equity stake in AgriMinco, which is considered to give Premier effective control of over 50% of the equity shareholding in AgriMinco.

At the financial year end, Premier had effective control over the board with two Premier board members who also served on AgriMinco's board prior to the transaction and a further 2 board members appointed following the transaction. In all, Premier held 4 board positions out of 6. Premier has the right to appoint 2 directors as long as its shareholding is above 30%.

Following the above assessment, the Directors considered that Premier had control over AgriMinco at 31 December 2013 and therefore consolidated 100% of AgriMinco and recognised non-controlling interests of 58% in the group financial statements.

RHA Tungsten (Private) Limited

During the year, 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 5th director who is rotated between each shareholder. The 5th director will not have a vote.
- Although the local Zimbabwean company is responsible for financing and repayment of such, Premier is actively engaged in securing funding to advance RHA to mine development and operations.
- There has been no operational change since the agreements were signed and Premier continues to fund RHA through loan accounts until outside funding can be secured.

At the financial year-end, the directors of RHA were all from the Premier Group. Premier still retains the majority vote at board level given the current board composition and retains operational control. 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 group accounts.

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 is an exploration stage resource Group.

The recoverability of the underlying value of exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Group to obtain the necessary financing to complete development, and future profitable production.

The Group has cash reserves at 20 June 2014 of approximately $300k. The Directors have prepared cash flow forecasts for the period ended 30 June 2015, taking into account forecast expenditure, available working capital, contracted cash inflows from Circum and the existing Chairman's loan facility. These forecasts indicate that the Group will not need to obtain additional finance or equity to fund its operations for the period to 30 June 2015.

In January this year, the Group announced that it had entered into a funding agreement with YA Global Master SPV Limited. The agreement consists of a £3 million Standby Equity Distribution Facility ('SEDA') and a £500,000 subscription agreement and an equity swap agreement (refer note 32). To date, Premier has not utilised the SEDA facility and following the completion of the AgriMinco Corp. and Circum Minerals Limited ('Circum') transactions in May 2014 (refer note 32) is unlikely to require this facility. Premier received the first million in consideration from Circum on exercise of the option agreement and expects to receive further payments from Circum of $1 million on each of the 15 July, September, November 2014 and January 2015, for total consideration of $5 million.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned activities for the period to 30 June 2015 and have prepared these consolidated financial statements on the going concern basis.

6 Segmental Reporting

Segmental information is presented in respect of the information reported to the Directors. The Group is in the exploration phase and revenue is not being generated. The main business segment is that of an exploration group and a corporate administrative entity.

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

This presentation has changed from the method used in previous reporting to better reflect changes in operations and strategy for the Group.

By geographical area 2013	**Unallocated Corporate $ 000**	**Zimbabwe $ 000**	**Togo $ 000**	**Total $ 000**
Result				
Impairment of exploration and evaluation assets	–	–	(2,118)	(2,118)
Operating loss	(3,908)	(538)	(323)	(4,769)
Loss before taxation	(3,908)	(538)	(323)	(4,769)
Assets				
Exploration and evaluation assets	–	5,906	–	5,906
Investment in Joint Venture	5,440	–	–	5,440
Property, plant and equipment	–	35	2	37
Financial assets	39	–	–	39
Cash	96	1	–	97
Total assets	5,575	5,942	2	11,519
Liabilities				
Segment liabilities	(1,279)	(389)	–	(1,668)
Debentures	(1,744)	–	–	(1,744)
Loans	(1,108)	–	–	(1,108)
Total liabilities	(4,131)	(389)	–	(4,520)
Net assets	1,441	5,553	2	6,999
Other information				
Depreciation	–	(6)	(6)	(12)
Exploration and evaluation additions	–	(1,100)	(154)	(1,254)
Property, plant and equipment additions	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

By geographical area 2012	Unallocated Corporate $ 000	Zimbabwe $ 000	Togo $ 000	Total $ 000
Result				
Operating loss	(1,468)	(427)	(208)	(2,103)
Loss before taxation	(1,463)	(427)	(208)	(2,098)
Assets				
Exploration and evaluation assets	–	4,807	1,917	6,724
Property, plant and equipment	–	42	6	48
Financial assets	149	–	31	180
Cash	1,511	1	6	1,518
Total assets	1,660	4,850	1,960	8,470
Liabilities				
Segment liabilities	(108)	(1,545)	(17)	(1,670)
Loans and shareholder loans	–	–	–	–
Total liabilities	(108)	(1,545)	(17)	(1,670)
Net assets	1,552	3,305	1,943	6,800
Other information				
Depreciation	–	(6)	(20)	(26)
Exploration and evaluation additions	–	(3,261)	(927)	(4,188)
Property, plant and equipment additions	–	(31)	–	(31)

7 Administrative Expenses

	2013 $ 000	2012 $ 000
Staff costs		
Consulting and advisory fees	**213**	391
	487	236
Management fees	**62**	–
Directors' fees	**69**	3
Audit, accounting and legal fees	**381**	79
Marketing and public relations	**51**	37
Travel	**244**	221
Vehicle	**68**	36
Donations	**–**	25
Insurance	**20**	–
Office and administration	**527**	218
Realized foreign exchange loss	**23**	48
Aborted listing costs	**–**	372
Share based payment (notes 24 and 25)	**453**	375
	2,598	2,041

8 Directors' remuneration

	2013 $ 000	**2012 $ 000**
Directors' remuneration	**284**	683

2013	**Directors Fees $000**	**Consultancy Fees $ 000**	**Shares Issued $ 000**	**Total $ 000**
Executive Directors				
George Roach	–	–	–	–
Bruce Cumming (*)	–	49	–	49
Pamela Hueston	–	180	–	180
Non-Executive Directors				
John (Ian) Stalker	24	–	–	24
Leslie Goodman (*)	15	–	–	15
Neil Herbert (*)	8	–	–	8
Alex Du Plessis (*)	8	–	–	8
	55	229	–	284

(*) The difference in Directors fees with note 7 are the fees paid to AgriMinco directors during the year.

2012	**Directors Fees $000**	**Consultancy Fees $ 000**	**Shares Issued $ 000**	**Total $ 000**
Executive Directors				
George Roach	–	–	–	–
Bruce Cumming	–	80	454	534
Pamela Hueston (*)	–	147	–	147
Non-Executive Directors				
John (Ian) Stalker (*)	1	–	–	1
Leslie Goodman (*)	1	–	–	1
	2	227	454	683

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

No pension benefits are provided for any Director.

9 Finance costs

	2013 $ 000	2012 $ 000
Interest on debentures	**38**	–
Interest on related party loan (note 18)	**–**	(4)
	38	(4)

10 Taxation

	2013 $ 000	2012 $ 000
Taxation charge for the year	**–**	–

There is no taxation charge in the year ended 31 December 2013 (2012: 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.

The Group has tax losses available in Canada of approximately $6.3 million which expire between 2028 and 2033. There are no recognised tax losses in West Africa or Zimbabwe at this time.

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.

11 Loss per share

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

	2013	2012
Net loss after taxation ($000)	**(4,769)**	(2,098)
Weighted average number of Ordinary Shares in calculating basic earnings per share (‘000)	**346,096**	69,414
Basic loss per share (US cents)	**(1c)**	(3c)
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (‘000)	**689,660**	69,414
Diluted loss per share (US cents)	**(1c)**	(3c)

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.

12 Exploration and evaluation assets

	$ 000
Cost	
Cost at 1 January 2012	2,512
Expenditure on exploration and evaluation	4,188
Foreign exchange	24
Cost at 31 December 2012	6,724
Expenditure on exploration and evaluation	1,254
Impairment (a)	(2,118)
Foreign exchange	46
Cost at 31 December 2013	5,906

Exploration costs not specifically related to a license or project or on speculative properties are expensed directly to profit or loss in the year incurred. During the year $nil (2012: $36,000) exploration costs were incurred.

Capitalised expenditure in the year of $1,254,000 comprised entirely of cash outflows. During 2012, expenditure capitalised of $4,188,000 included cash outflows of $1,516,000 and non-cash outflows comprising shares issued and to be issued to Mr Richard Dollar to acquire the Zulu claims of $2,000,000 and an allocation of $363,000 of the fair value of the shares received by Mr Bruce Cumming (note 21).

a) During the year capitalised costs relating to the Togo exploration assets were impaired. The Group has decided to take a conservative view and write off the investment in exploration assets in respect of all projects in Togo given issues with maintaining tenements, non-renewal of certain permits and lack of exploration work undertaken during the year due to concentration of funds into the Group's key projects located in Zimbabwe.

13 Investment in Joint Venture

	$ 000
At 1 January 2012 and 2013	–
Fair value of Joint Venture on acquisition of AgriMinco (note 29)	5,443
Share of Joint Venture results	(3)
At 31 December 2013	5,440

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the group.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of relationship	Measurement Method
Danakil Holdings Limited	British Virgin Islands	30	Note 1	Equity

Note 1: Danakil Holdings Limited is engaged in exploration for potash in Ethiopia.

Danakil Holdings Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the group's interest in the joint venture or in the joint venture itself.

As at 31 December 2013, the financial statements of the Joint Venture include the following:

Current assets	$139,553
Non-current assets	$12,523,255
Current liabilities	$119,570
Non-current liabilities	$8,237,541
Expenses	$10,927
Net loss	$10,927

14 Property, plant and equipment

	Motor vehicles $ 000	Office & other equipment $ 000	Computer equipment $ 000	Buildings $ 000	Total $ 000
Cost					
At 1 January 2012	72	41	4	–	117
Additions	–	1	–	30	31
Exchange differences	2	–	–	–	2
At 31 December 2012	74	42	4	30	150
Additions	–	–	–	–	–
Exchange differences	3	1	–	–	4
At 31 December 2013	77	43	4	30	154
Depreciation					
At 1 January 2012	58	14	3	–	75
Charge for the year	14	8	1	2	25
Exchange differences	2	–	–	–	2
At 31 December 2012	74	22	4	2	102
Charge for the year	–	8	–	3	11
Exchange differences	3	1	–	–	4
At 31 December 2013	77	31	4	5	117
Net Book Value					
At 31 December 2013	–	12	–	25	37
At 31 December 2012	–	20	–	28	48

15 Subsidiaries

Premier had investments in the following subsidiary undertakings as at 31 December 2013, 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
AgriMinco Corp.	Canada	42	Holding Company
G and B African Resources SARL	Togo	42*	Exploration
G and B African Resources Mali SARL	Mali	42*	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**	Exploration
Katete Mining (Private) Limited	Zimbabwe	100	Exploration
Tinde Fluorspar (Private) Limited	Zimbabwe	100	Exploration
LM Minerals (Private) Limited	Zimbabwe	100	Exploration
BM Mining & Exploration (Private) Limited	Zimbabwe	100	Exploration

* Interest held through AgriMinco Corp, which in turn holds 100% of the subsidiary
** Accounted as a 100% subsidiary, refer note 4, Significant accounting judgments, estimates and assumptions

As at 31 December 2013, the financial statements of AgriMinco Corp. include the following figures before any inter-group adjustments:

Non-current assets	$3,181,000
Current assets	$82,000
Current liabilities	$2,896,000
Net loss	$1,444,000

As at 31 December 2013, the financial statements of RHA Tungsten (Private) Limited include the following figures before any inter-group adjustments:

Non-current assets	$1,881,000
Current liabilities	($2,583,000)
Net loss	($426,000)

16 Other receivables

	2013 $ 000	2012 $ 000
Other receivables	**2**	151
Prepayments	**37**	29
	39	180

Other receivables at 31 December 2013 consist of value added tax refunds and are due within one year. The Directors consider that the carrying amount of other receivables and prepayments approximates their fair value.

17 Trade and other payables

	2013 $ 000	2012 $ 000
Trade payables	**1,445**	107
Accruals	**187**	63
	1,632	170

All trade and other payables at 31 December 2013 are due within one year, non-interest bearing and comprise amounts outstanding for purchases and on-going costs. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

18 Borrowings

	2013 $ 000	2012 $ 000
As at 1 January	**–**	3,433
Loan received	**1,108**	3,766
Loans capitalised as equity	**–**	(7,199)
As at 31 December	**1,108**	–

Loans from a related party are further disclosed in Note 28, Related Party Transactions. The loans are unsecured and non-interest bearing (2012: at rates of zero and 4 per cent. per annum) and repayable on demand.

During 2013, Premier received $nil (2012: $612,000) from Paddington Commercial Limited under a short-term non-interest bearing facility agreement. Paddington Commercial Limited is owned by Brendan Roach, George Roach's son. The total loan of $612,000 was capitalised as equity as part of Premier's Admission to AIM.

19 Debentures

	2013 $ 000	2012 $ 000
Arms-length debenture *(a)	**294**	–
Non-arms length debenture *(b)	**130**	–
Arms-length debenture *(c)	**864**	–
Arms-length debenture *(d)	**418**	–
Arms-length debenture *(e)	**38**	–
As at 31 December	**1,744**	–

All debentures are unsecured and held by AgriMinco Corp.

*(a) Non-interest bearing, maturing on 30 June 2014, issued to an arms-length party to satisfy an outstanding loan.

*(b) Non-interest bearing, maturing on 30 June 2014, issued to a non-arms-length party to satisfy an outstanding payable. Debenture was issued to a consulting firm, the owner of which is also a Director of AgriMinco.

*(c) Interest bearing at a rate of 8% per annum, maturing on 30 June 2014, issued to an arms-length party with principal amount $826,000 to satisfy an outstanding payable. At 31 December 2013, interest accrued on the debenture was $38,000 (refer note 9).

*(d) Non-interest bearing, maturing on 15 December 2013, issued to an arms-length party to satisfy an outstanding payable. The debenture term was extended beyond the maturity date by mutual agreement.

*(e) Non-interest bearing, maturing on 30 June 2014, issued to an arms-length party to satisfy an outstanding payable.

Debentures in the amount of $1,688,000 (debentures (a) to (d) above) were settled on 13 May 2014 with the exercising of the option agreement over Mandalore Development Limited (refer note 32).

20 Shares to be issued

	2013 $ 000	2012 $ 000
As at 1 January	**1,500**	–
Shares issued for Zulu option *(1)	**(1,500)**	1,500
Shares accrued for consulting fees owing *(2)	**36**	–
As at 31 December	**36**	1,500

*(1) Shares issued in settlement of Zulu option agreement (refer note 21).

*(2) Shares issued to a consultant subsequent to year end in settlement of consulting fees accrued at 31 December 2013 (refer note 32).

21 Share capital

Authorised share capital

1 billion ordinary shares of no par value

Issued share capital

	Number of Shares '000	$ 000
As at 1 January 2012*	47,950	1,562
4 December 2012 shares issued for capitalisation of 2011 loans	56,000	3,410
4 December 2012 shares issued for services received **	14,175	454
4 December 2012 shares issued to Admission Placees	75,000	2,421
4 December 2012 shares issued for Zulu option, first tranche of shares	15,625	500
4 December 2012 shares issued for capitalisation of 2012 loans	118,443	3,790
4 December 2012 shares issued for advisor fees	8,375	269
As at 31 December 2012	335,568	12,406
18 October 2013 shares issued for advisor fees *(1)	2,010	32
18 October 2013 shares issued for Zulu option exercise *(2)	48,878	1,500
19 December 2013 shares issued for exercise of share options *(3)	2,013	60
	388,469	13,998

* As described in note 3, 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 consolidated financial statements as if the Group had been one since from 1 January 2011.

** Shares were issued to Mr B Cumming who is a Director of Premier as fully paid shares in recognition of his work performed to date on acquiring and securing of mineral assets and building the business since inception. Eighty per cent. of the value of the shares issued has been capitalised as an addition to the intangible exploration and evaluation asset while twenty per cent. has been expensed as a share based payment in 2012.

*(1) On 18 October 2013, 2,010,000 shares were issued to an advisory firm in settlement of brokerage fees to the value of $32,000. The fair value of the fees has been charged to administration expenses during the year.

*(2) On 18 October 2013, 48,878,000 shares were issued to Alpha International Business Limited in settlement of the Zulu option exercise (refer note 20).

*(3) On 19 December 2013, 2,013,000 shares were issued 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 share capital (refer notes 24 and 25).

Issue costs allocated against equity can be seen in the Statement of Changes in Equity.

22 Merger reserve

	Total $ 000
At 31 December 2012 and 2013	(176)

23 Foreign exchange reserve

	Total $ 000
At 1 January 2012	–
Change in reserves during the year	31
At 31 December 2012	31
Change in reserves during the year	114
At 31 December 2013	145

24 Share based payment reserve

	Total $ 000
At 1 January 2012	20
Share options charge (Note 25)	212
Warrants charge (Note 25)	71
At 31 December 2012	303
Share options charge (Note 25)	562
Share options cancelled *	(109)
Share options exercised	(59)
At 31 December 2013	697

* During the year 7.5 million share options were cancelled for a director who resigned before the options had vested. The $109,000 reversal of the share options charge represents the fair value of the options granted and charged to date.

25 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 21 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 granted the following share options during the two years ended 31 December 2012:

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	0.0111p
Directors	04/12/2012	See 2 below	20,386	2p	03/12/2022	0.0185p
Employees and associates	04/12/2012	See 3 below	5,536	Nil	03/12/2022	0.0185p
Totals			48,558			

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.

No new options were granted during the year ended 31 December 2013, but a charge of $562,000 was recognised in respect of the above option schemes (2012: $213,000).

The fair value of the options granted and vested during the year ended 31 December 2013 was $nil (2012: $213,000). The assessed fair value of the options granted to employees and consultants was determined by an estimation of the fair value of services rendered. The assessed fair value of options granted to directors 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.

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The following table lists the inputs into the model:

	4 December 2012 issue	10 February 2011 issue
Dividend yield (%)	–	–
Expected volatility (%)	75.0	70.0
Risk-free interest rate (%)	1.81	2.65
Share price at grant date	1.85p	1.135c
Exercise price	2p	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. As at 31 December 2012 the Group was a newly listed entity with limited trading history. Share price volatility has been based on the average share price volatility of similar sized publicly listed resource companies and the Company's recent trading history.

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
10/02/2011	09/02/2014	1.135c	1,000	1,000
10/02/2011	09/02/2014	1.135c	1,250	1,250
04/12/2012	03/12/2022	Nil	18,498	–
04/12/2012	03/12/2022	2p	14,723	7,362
04/12/2012	03/12/2022	Nil	3,524	3,524
			38,995	13,136

A summary of the status of the Group's share options as of 31 December 2013 and changes during the year are as follows:

	2013		2012	
	Shares	**Weighted Average Exercise Price '000**	**Shares '000**	**Weighted Average Exercise Price**
Options outstanding, beginning of year	**48,558**	**0.87p**	2,250	1.135c
Granted	**–**	**–**	46,308	0.88p
Cancelled	**(7,550)**	**0.88p**	–	–
Expired	**–**	**–**	–	–
Exercised	**(2,013)**	**0.88p**	–	–
Options outstanding, end of year	**38,995**	**0.87p**	48,558	0.87p

Warrants

During the year the Company granted nil warrants over Ordinary Shares (2012: 207,171,000).

Issued to	Date Granted	Number of Warrants Issued '000	Exercise Price	Expiry Date
Placees and loan conversions	04/12/2012	193,443	4p	03/12/2014
Advisors	04/12/2012	6,711	4p	03/12/2014
Advisors	04/12/2012	7,017	4p	03/12/2017
Totals		207,171		

The warrants issued to placees and on loan conversion do not qualify as share based payments, so there is no fair value charge arising.

The fair value of the warrants granted to advisors during the year ended 31 December 2013 was $nil (2012: $71,000).

The following table lists the inputs into the model for the year ended 31 December 2012:

	4 December 2012 issue
Dividend yield (%)	–
Expected volatility (%)	75.0
Risk-free interest rate (%)	1.81
Share price at grant date	1.85p
Exercise price	4p

A summary of the status of the Company's share warrants as of 31 December 2013 and changes during the year are as follows:

	2013 '000	2012 '000
Warrants outstanding, beginning of year	**207,171**	–
Granted	**–**	207,171
Cancelled	**–**	–
Expired	**–**	–
Exercised	**–**	–
Warrants outstanding, end of year	**207,171**	207,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

26 Notes to the cash flow statement

	2013 $ 000	2012 $ 000
Loss before tax	**(4,769)**	(2,098)
Adjustments for:		
Depreciation and amortization	**12**	26
Impairment of exploration and evaluation assets	**2,118**	–
Share of Joint Venture results	**3**	–
Foreign exchange	**23**	–
Finance costs	**38**	(4)
Share based payments	**453**	375
Operating cash flows before movements in working capital	**(2,122)**	(1,701)
Decrease/(increase) in receivables	**141**	(80)
(Decrease)/increase in payables	**(65)**	21
Net cash (outflow) from operating activities	**(2,046)**	(1,760)

Cash and cash equivalents comprise cash at bank 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.

27 Financial instruments

The Group uses financial instruments comprising cash, receivables, payables, borrowings and debentures. Cash balances are held in Sterling, US Dollars, Canadian Dollars, Euro and the West African CFA Franc (XOF).

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.

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

Financial assets and liabilities

2013	Loans and receivables $ 000	Financial liabilities at amortised cost $ 000	Total $ 000
Trade and other receivables	2	–	2
Cash and cash equivalents	97	–	97
	99	–	99
Trade payables	–	1,445	1,445
Accrued liabilities	–	187	187
Borrowings	–	1,108	1,108
Debentures	–	1,744	1,744
Shares to be issued	–	36	36
	–	4,520	4,520
2012			
Trade and other receivables	151	–	151
Cash and cash equivalents	1,518	–	1,518
	1,669	–	1,669
Trade payables	–	107	107
Accrued liabilities	–	63	63
Shares to be issued	–	1,500	1,500
	–	1,670	1,670

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 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	
	2013 $000	**2012 $000**	**2013 $ 000**	**2012 $ 000**
Sterling	**234**	30	**2**	1,377
Euro	**28**	–	**1**	30
Canadian dollar (CDN$)	**2,778**	–	**72**	–
South African Rand (ZAR)	**53**	69	**–**	–
CFA Franc ('XOF')	**–**	22	**–**	26
	3,093	121	**75**	1,433

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 its funding, against other currencies in which the Group incurs liabilities and expenditure. Since the Group's operations in Western Africa are primarily transacted in XOF, there is a risk that purchasing power in XOF is lost through foreign exchange movements.

Sensitivity analysis

Financial instruments affected by market risk include cash and cash equivalents, other receivables, trade and other payables and debentures. 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

Exchange rates:	**Income Statement/ Equity $ 000**
2013	
+10% US$ Sterling (GBP)	$38
-10% US$ Sterling (GBP)	–$38
+10% US$ CDN$	$257
-10% US$ CDN$	–$257
+10% US$ Euro	$4
-10% US$ Euro	–$4
+10% US$ South African Rand (ZAR)	$1
-10% US$ South African Rand (ZAR)	–$1

Exchange rates:	Income Statement/ Equity $ 000
2012	
+10% US$ Sterling (GBP)	$218
-10% US$ Sterling (GBP)	–$218
+10% US$ CDN$	$0
-10% US$ CDN$	$0
+10% US$ Euro	–$4
-10% US$ Euro	$4
+10% US$ South African Rand (ZAR)	$1
-10% US$ South African Rand (ZAR)	–$1

Amounts held in XOF during 2012 were not considered material for the analysis.

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 cash and cash equivalents. The Group limits its exposure to credit loss by placing its cash with major financial institutions. As at 31 December 2013, the Group held $88,000 in cash and cash equivalents (2012: $1,518,000).

Liquidity risk

All of the Group's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Group intends to settle these liabilities from sale of assets and working capital with the exception of shares to be issued which will be settled from equity.

28 Related party transactions

On 1 November 2011, Premier entered into a short-term loan agreement (note 17) with a facility of up to $1 million (subsequently increased to $4.5 million) with Coc'Roach Limited. 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 may fall within the class of potential beneficiaries.

Funds advanced against the facility during the year ended 31 December 2013 were $nil (2012: $2,957,000). Interest on the loan of $4,000 accrued at 31 December 2011 was reversed during 2012. The total loan of $4,110,000 was capitalised as equity as part of Premier's Admission to AIM

During 2013, Premier received $nil (2012: $197,000) in non-interest bearing loans from Corestar Holdings Ltd under a non-interest bearing facility agreement. 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. The total loan of $2,477,000 was capitalised to equity as part of Premier's Admission to AIM.

During 2013 administration fees of $nil (2012: $27,000) 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 accounting and administrative support services.

On 4 December 2012 Premier entered into a loan facility with Mr G Roach for up to £300,000 to be used for working capital purposes. The loan facility is available for drawdown from the date of admission of the shares in the Company to the AIM market of the London

Stock Exchange plc until the date 18 months thereafter. The loan facility is unsecured and non-interest bearing. The loan is convertible at the discretion of Mr G Roach 30 days after the repayment date at the Placing Price of the new shares issued at Admission. On 14 November 2013 Mr Roach increased the facility to not less than £600,000 on substantially the same terms. The conversion price for any additional drawings under the increased facility will be set by reference to the then most recent fundraising.

As at 31 December 2013 the Company had drawn down the entire facility and the balance of the loan was $1,108,000 (refer note 18).

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

		Receivables	
Entity	**Relationship**	**2013 $ 000**	**2012 $ 000**
AgriMinco Corp.	1	**41**	80
ZimDiv Holdings Limited	2	**3,666**	828
G and B African Resources SARL	3	**–**	2,815
G and B African Resources Mali SARL	4	**–**	223
G and B African Resources Benin SARL	5	**22**	22
RRCC	3	**2,984**	–
		6,713	3,968

1. Premier is the controlling party of AgriMinco Corp. which is accounted for as a subsidiary (refer note 4). The receivable relates to advances made to meet its expenses totaling $41,000 (2012: $80,000). The balance outstanding at the year-end is $41,000 (2012: $80,000).
2. ZimDiv Holdings Limited is a subsidiary and is therefore a related party. The receivable relates to advances made to its operating companies in Zimbabwe to further exploration and fund administrative costs and to its holding companies in Mauritius for administrative costs, totaling $2,838,000 (2012: $828,000). The balance outstanding at the year-end is $3,666,000 (2012: $828,000).
3. G and B African Resources SARL is a subsidiary and is therefore a related party. The receivable relates to advances made to meet its administrative expenses in Togo and to fund exploration in the first half of 2013 totaling $169,000 (2012: $560,000). The balance outstanding at the year-end is $2,984,000 (2012: $2,815,000). The full loan was ceded to Premier's other Togolese subsidiary, Regent Resources Capital Corporation SAU (RRCC) on the sale of G and B African Resources SARL to AgriMinco.
4. G and B African Resources Mali SARL was a wholly owned subsidiary during 2013 until sold to AgriMinco Corp. which is still accounted for as a subsidiary. The receivable relates to advances made to meet its administrative expenses in Mali during the first half of 2013 totaling $86,000 (2012: $185,000). The balance of the loan of $309,000 was written off on the sale of the subsidiary to AgriMinco Corp.
5. G and B African Resources Benin SARL is a wholly owned subsidiary. The receivable relates to advances made during 2012 to meet its expenses in Benin. No advances were made during 2013. The balance outstanding at the year-end is $22,000 (2012: $22,000).

On 5 July 2013, Premier acquired a 42% stake in AgriMinco Corp. (refer note 4 and note 29). AgriMinco is a related party by virtue of 2 board members on Premier who are also board members of AgriMinco as well as the controlling shareholder in Premier owning a significant shareholding in AgriMinco prior to the transaction. The gain of $725,000 related to the part-disposal of the assets in Mali and Togo to AgriMinco is recognised within equity, and disclosed in the statement of changes in equity.

Also on 5 July 2013 2013, Premier entered into a shares for debt transaction with AgriMinco Corp., whereby Premier received 821,000 shares in AgriMinco at a deemed value of CDN$ 0.10 per share. The value of an AgriMinco share on 30 June 2013 was CDN$ 0.02 therefore Premier received consideration valued at $14,000. The loss on settlement of the receivable of $66,000 is included in profit and loss during the year.

During 2013 consulting fees for technical services of $273,000 (2012: $54,000) were paid by Premier to a trading business in which Mr A du Plessis, Director is the beneficial owner. Of this amount $96,000 remains in creditors at the year-end. Mr du Plessis was not considered a related party during the 2012 financial year.

Remuneration of key management personnel

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

	2013 $ 000	2012 $ 000
Consulting fees	**349**	347
Management fees	**62**	–
Directors' fees	**69**	3
	480	350

29 Acquisition of subsidiary

On 5 July 2013, 42% of the share capital of AgriMinco Corp. was acquired for $2,280,000, in exchange for the Group's Mali and Togo subsidiaries. As a result, the Group has retained a 42% interest in these subsidiaries.

As a result of the acquisition, the Group planned to diversify its commodity base and increase its footprint in the agricultural commodity sector with the addition of potash to its group of commodities it is currently exploring for.

The following table summarises the consideration paid for AgriMinco Corp., the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	Book value at Acquisition $ 000	Fair value Adjustment $ 000	Fair value at acquisition $ 000
Total Consideration			
Fair value of business received in consideration for the 58% disposed of to non-controlling interest			1,322
Assets and liabilities acquired			
Investment in Joint Venture	1,281	4,162	5,443
Prepayments and receivables	37	–	37
Cash	875	–	875
Accounts payable and accrued liabilities	(980)	(547)	(1,527)
Loans payable	(10)	–	(10)
Debentures	(1,669)	–	(1,669)
Total identifiable net assets	(466)	3,615	3,149
Non-controlling interest			(1,827)
Goodwill			–
Total			1,322

Acquisition-related costs of $180,000 attributable to the owners of the parent have been charged to equity in the statement of changes in equity for the year ended 31 December 2013.

The fair value of the 120 million ordinary shares issued by AgriMinco ($2,280,000) in exchange for the Mali and Togo subsidiaries was based on the published share price on 28 June 2013. The fair value of the business received in consideration for the assets in Togo and Mali, based on the 58% disposed was $1,322,000. The book value of the assets and liabilities given up in Mali and Togo, based on the 58% disposed of was equal to $597,000. The gain, recognised in the statement of changes in equity is equal to $725,000.

30 Disposal of interest in subsidiary without loss of control

On 23 September 2013, the Company disposed of a 51% interest held in RHA Tungsten (Private) Limited ('RHA') for nil consideration to the National Indigenisation and Economic Empowerment Fund ('NIEEF'), Zimbabwe (refer note 4). The carrying amount of the non-controlling interest in RHA arising on the date of disposal was $742,000 (representing a 51% interest). The effect of changes in the ownership interest of RHA on the equity attributable to owners of the Company during the year is summarised as follows:

	31 December 2013 $ 000	31 December 2012 $ 000
Carrying amount of non-controlling interests arising	742	–
Consideration received from non-controlling interests	–	–
Decrease in parent's equity	742	–

On 31 August 2013 all funds advanced to RHA in respect of exploration costs prior to that date was deemed to be $6 million and will accrue as an interest bearing loan at the prime lending rate of LIBOR plus 3%. The loan will be repaid by RHA according to its profit distribution policy and will be subordinate to any other debt.

There were no transactions with non-controlling interests in 2012.

31 Contingent liabilities

Conditions set out in the shareholders' agreement with the National Indigenisation and Economic Empowerment Fund ('NIEEF') concluded during the year may give rise to future equity issues. The agreement calls for the issue to NIEEF of $750,000 in Premier ordinary shares. The issue of equity is conditional upon the satisfaction of the following conditions:

(i) The local operating company in Zimbabwe having obtained sufficient committed finance on reasonable terms to enable it to implement its development objectives as set out in the agreement.

(ii) The commencement of commercial production having occurred at the RHA Tungsten Project.

32 Events after the reporting date

Funding

On 28 January 2014, the Company entered into a finance package with YA Global Master SPV ('YAGM'), Ltd to provide funds for the continuing development of its RHA Tungsten Project in Zimbabwe and to fund ongoing overheads. The finance package included a £3 million Standby Equity Distribution 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.

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. To date, the Company has received £35,000 in settlement payments from YAGM.

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

Issue of equity

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 (refer note 20).

AgriMinco Option Agreement

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'). The option agreement was exercisable on or before 30 April 2014 and subject to TSX Venture exchange ('TSXV') approval.

The consideration payable by Premier on exercise comprised:

(i) The cancellation of all of the 120 million common shares of AgriMinco owned by Premier for no consideration, representing 42% of AgriMinco's issued share capital; and

(ii) The settlement of certain debt obligations owed by AgriMinco to third parties up to in aggregate a maximum of CDN$ 1.5 million; and

(iii) The issue to AgriMinco of new Premier ordinary shares with a value equal to CDN$1 million based on the volume weighted average trading price of Premier shares for the twenty consecutive trading days immediately prior to the exercise of the option agreement.

Approval from the TSXV was received on 9 May 2014 following approval by AgriMinco's independent shareholders of the transaction at a special meeting of shareholders held on 8 May 2014. Premier exercised its option on 13 May 2014 by settling certain debentures up to 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 CDN$ 1 million at an issue price of 0.9753p per share.

Circum Option Agreement

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. Under the Circum option agreement, Premier would receive 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.

On 15 May 2014, Circum exercised its option to acquire Mandalore following Premier's exercising of its option with AgriMinco.

Liebenberg Option – Tungsten Mineral Claims

On 28 February 2014, Premier exercised its option over the Liebenberg tungsten minerals claims. The properties however have not been transferred at the date of this report due to a dispute with the grantors of the option who in our opinion have failed to comply with various warranties under the agreement. The grantors are not due the exercise payment of approximately $150,000 until such time as the warranties are complied with. The estimated cost to comply with the warranties exceeds the option payment. Premier has now elected to pursue a mining lease over the entire area including our own RHA Tungsten Claims and all un-worked surrounding claims.

33 Ultimate Controlling Party

There is no single ultimate controlling party.

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