Premier African Minerals

ANNUAL REPORT & ACCOUNTS

YEAR ENDED 31 DECEMBER 2016

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Chairman & CEO Statement

The year under review has continued to be transformational for Premier African Minerals Limited ("Premier" or "PREM") as we progress along the development path from exploration to development and production. A year of review and further development at RHA, the acquisition of an interest in TCT in Mozambique and the confirmation of our expectations at Zulu Lithium serve both as a template for our business model and a pillar of our resilience and determination to complete the transformation cycle and see Premier as self-sustaining and cash generative later in 2017.

The London AIM market is an incubator market that serves to provide companies like PREM, with access to capital to help enable our projects to be advanced through capital market funding facilities, to the point where like RHA, they can become sustainable or be advanced to the point where they become attractive to another strategic investor that can create an event that will serve to return value back to our shareholders.

Naturally, as we engage in our business strategy, we inevitably have to raise capital in a process which can often serve to dilute our shareholders and or depending on the type of funding we undertake, have the impact to dampen our share price.

I can assure you that as your chairman, and someone who has a significant shareholding in PREM, I am completely motivated to make sure all the funding arrangements we secure are designed to lead to the creation of value, rather than depress value. I take the opportunity of this year's Annual Report to make this point to both our existing shareholders and also to any new potential shareholders and that as we progress and develop value in our assets, finance through debt will become the preferred option.

Since the global financial crisis and following a slowing of economic growth in China, the mining sector has faced some difficult challenges when it comes to managing a depressed commodity pricing market.

Premier African Minerals joined London's AIM market in December 2012 and we have managed to ride this difficult cycle within the market, to emerge as a company that offers investors and our shareholders a bright future, where our portfolio of assets is now beginning to benefit from increased market demand and pricing upturn, especially across the tungsten, lithium and associated automotive battery metals market, and also where during the period under review we added gold and limestone to our portfolio.

As we move into 2017, PREM is well positioned to continue to offer our shareholders a balanced risk portfolio of strategic metals and resources that are at different stages of the development curve, but in all cases, have solid supply, demand and pricing fundamentals behind them.

The year under review is one where your board and management team have proven that we can deliver on our stated strategy and we look forward to the year ahead with significant optimism.

I take this opportunity of thanking our shareholders for their support and also to Pamela Hueston, our former finance director who did a sterling job during her tenure and also to Mr. Russel Swarts who has joined the board for his work in supporting a smooth transition within this vital function of our company. I also wish to thank Anthony Michalec for joining us and taking up the helm as our new Chief Operating Officer at RHA. In addition I want to pay tribute to all our contractors and consultants, particularly those working at RHA, who have tirelessly worked on helping to deliver a producing tungsten mine and who have played a huge role in making this annual reporting period a notable one in our history.

Fundraising and Capital

During the reporting period we raised gross proceeds of US$5,528,000, including;

- US$3,178,000 in direct subscriptions, and
- US$2,350,000 through the issue of Loan Notes,

In addition US$247,000 of outstanding loans to George Roach were converted to shares.

RHA also increased its working capital facilities by the granting of a US$200,000 general credit facility from a local bank, which can be utilised for payment of direct operating expenses associated with the production of wolframite concentrates. The facility bears interest at the bank's costs of funds plus a margin of 8.75% and is guaranteed by Premier.

George Roach
Chief Executive Officer & Executive Chairman
7 July 2017

Directors

"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

George Roach has extensive experience in natural resource business development in Africa. He has successfully obtained licences and concluded mineral exploration and exploitation agreements in the entire SADC region, Ethiopia and most of the CEMAC and ECOWAS regions. Under the auspices of Exploration Services, he provided consultancy to prospective exploration companies and has acted in significant capacities for a number of start-ups that have subsequently listed on AIM and TSX-V, most recently as Managing Director Africa for Uramin Inc. and Chairman and CEO for Premier African Minerals. George Roach maintains a number of other interests in start-up companies that include Anglo African Agriculture that has recently acquired the Southern Africa based business of Dynamic Intertrade, a food manufacturing and trading company and Agriminco Inc., focussed on African Agricultural and Industrial Mineral development.

Michael Foster
Non-Executive Director

Mr Foster is a graduate geologist from St Andrews University in Scotland with a MBA in Business Administration from London Business School. He has over 30 years' experience of all aspects of the mining industry, including exploration, mine development, operations and finance in a variety of commodities. He was a founding shareholder and Director of the AIM traded ZincOx Resources plc until 2008. More recently he served as Non-Executive Chairman of Copperbelt Minerals Limited, a company that discovered a new copper-cobalt deposit in the Democratic Republic of Congo. Mr Foster is currently a Director of CASA Mining Limited, a private company with interest in exploration licences in the DR Congo.

Ian Stalker
Non-Executive Director

Mr Stalker is a seasoned mining executive and current Chairman and Director of Azincourt Uranium (TSXV: AAZ) a TSX Venture Exchange quoted company. He has over 40 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. Ian was also the CEO of former TSX V listed Brazilian Gold Corporation until its merger and acquisition in September 2013 by Brazil Resources (TSXV:BRI)). He is currently CEO of K92 a TSX V listed gold company and Chairman of Plateau Uranium (PLU TSX V).

Russel Swarts
Non-Executive Director

Russel qualified as a Chartered Accountant (South Africa) in 1989, after serving articles with Price Waterhouse in Johannesburg. After leaving the profession in 1991, Russel took up senior financial roles within a number of JSE listed South African companies. Subsequently, Russel was appointed as CEO of the largest specialist telecommunications group in South Africa before taking on a director role at a private equity investment group involved in energy and natural resources. Russel spent five years as CFO of AIM-traded URU Metals Ltd before consulting in his areas of expertise. Russel has extensive experience in Southern African and international listed entity reporting, rules and regulations, corporate governance, mergers and acquisitions, specialist financing, strategic planning and group reporting planning and structuring. Russel has been involved in auditing, group reporting, budgeting and forecasting, systems implementations and restructuring.

Strategic Report

The strategic report provides a detailed assessment of the activities of the company during the period under review. It also details the main objectives of the company related to our portfolio of assets. The principal risks and uncertainties associated with our activities are outlined in a specific principal risks and uncertainties section. This section of the Annual Report is produced in accordance with Guidance on the Strategic Report, June 2014 issued by the Financial Reporting Council.

Funding Update

During the reporting period we raised gross proceeds of US$5,528,000 and also saw a number of outstanding Darwin Loan Notes converted to equity. RHA also secured a US$200,000 general credit facility from a local bank, which can be utilised for payment of direct operating expenses associated with the production of wolframite concentrates. The facility bears interest at the bank's costs of funds plus a margin of 8.75% and is guaranteed by Premier.

RHA Tungsten Mine

The year began with the completion of an underground mining implementation study with input provided by Whaleside Shaft Sinkers Zimbabwe. The completion of the internal study by the RHA on site team supported the board's decision to investigate and accelerate underground development as discussed in previous announcements we reported on back in 2015. The study included a six-month underground mining plan on 926 level while re-equipping a vertical shaft to 870. Estimated capital cost of US$406,000 would cover a schedule for equipping a vertical shaft hoist and commissioning of operations on 870. Positive operating cash flows would be secured on commencement of underground mining operations.

In addition to study work on underground operations, we also provided the market with an interim update on our open pit SAMREC compliant Mineral Resource review which was commissioned to support a bulk mining approach and the use of XRT technology to achieve material upgrading. From this investigation we established a significant increase in mining inventory and tonnages of contained tungsten within the pit boundary, and importantly we reported depth and on strike continuity outside the pit boundary, which has the potential of adding further resources to RHA.

In order to help advance RHA financially, we secured a US$200,000 general credit facility from a local bank which is a positive sign of the support RHA is securing from stakeholders in Zimbabwe. In February of the reporting period we announced to the market that RHA had begun processing underground ore, following the suspension of operations in early November 2015. In May, we announced that the equipping of the 120m vertical shaft was complete. This followed the announcement that first ore would be secured from 870 level and that we were seeing improving grades from 926 level. At about this time, it became apparent that to fully exploit the potential of RHA and achieve levels of profitability anticipated before the collapse of commodity prices, that we would have to complete certain modifications to the crushing circuit, which was done and subsequently, we should further modify the circuit to include X-ray based mineral sorting that would facilitate increased mining rates and would pre-concentrate ore before delivery of material to the gravity recovery circuits of the plant.

In July, Chairman and CEO George Roach agreed to provide a guarantee in respect of amounts owing under a proposed Memorandum of Agreement with JR Goddard Contracting (Pvt) Ltd (JRG), the contractor for the open pit mining at RHA Tungsten (Private) Limited.

The amount owing to JRG as at 11 March 2016 of US$851,312 is being settled by Premier at a rate of US$54,626 per month for a period of 20 months. Under the JRG Memorandum, should the Company recommence open pit mining operations through the direct engagement of JRG during the 20-month period, US$247,000 will be recovered by the Company by way of equal monthly payments against JRG's mining certificates over the duration of the new agreement.

In consideration for providing the surety, Premier entered into a put option agreement in respect of its holding of shares in Circum Minerals Limited (Circum) with George Roach. Under the Circum Agreement, in the event that:

- Premier fails to meet its obligations under the JRG Memorandum;
- JRG exercises its rights under the surety against George Roach and;
- Premier fails to find an alternative buyer for its Circum shares,

Then the company may require George Roach to purchase such number of Circum shares at a price of US$2 per Circum Share (being the fair market value of the Circum shares in the audited results for the year ended 31 December 2015) equal to the total amount then owed to JRG. Following this agreement, we announced to the market in July that production at RHA had re-commenced in phased process. Screens, plant modifications as well as the electrical reticulation works had been completed and the plant was undergoing a phased commissioning and optimisation process to achieve the anticipated recoveries and operational throughput. Wolframite concentrate from ore from the underground mine had been produced. The throughput of the plant would be steadily increased to the plant's design capacity of 16 tonnes per hour.

APT prices have generally been moving upwards since January 2016 from a low of $162 mtu, to pricing of $220-$225 mtu at circa the publishing of our Annual Report and accounts. Tungsten concentrate prices are generally quoted as US dollars per mtu discounted off the European price for ammonium Para-tungstate (APT). Further work at RHA saw major sections of underground development channel sampled, geology mapped and drill cores re-examined with further assays on these cores completed and trench data from the benches within the open pit re-assayed and re-evaluated. We discovered that whilst the mineralised quartz veins are identifiable and exhibit strike continuity within the existing underground development, the wolframite mineralisation does not show the same level of consistency. Tungsten grades show extreme variability and range from sub-economic to more than 300kg per ton over short strike distances. This variability in wolframite mineralisation may make application of normal geostatistical methodologies unreliable and this has resulted in the extended sampling and re-evaluation process described above, which is vital to ensure our financial modelling of RHA remains accurate.

Following a review of immediately available tungsten rich material at RHA, we reported in October that sufficient tonnage was immediately available both in the open pit and underground operations to support an initial 3 years' of operations at up to 40,000 tons per month with the installation of the X-Ray Transmission (XRT) system for ore sorting.

At the planned 40,000 tonnes per month of ore mined, it is estimated that RHA should be producing about 10,000-11,500 metric ton units (mtu) of tungsten trioxide concentrate per month. A mtu is equal to ten kilograms of tungsten tri-oxide equivalent contained in a concentrate and is the standard weight measure of wolframite.

Budgeting

When the TOMRA sorter is installed and commissioned in 2017, and all other upgrades completed, RHA projects expenditure on an EBITDA basis to reduce to approximately US$682,000 per month from the US$825,000 as originally estimated.

In November we announced the appointment of African Mining and Exploration (Afmine) as our principal mining contractor for the upgrades, development of the underground operations and the re-appointment of JRG for the re-establishment of open pit mining. The terms of the underground contract require certain mining targets to be met which included;

- 16,000s tonne per month from underground operations and delivery of not less than 12,000 tonnes of ore to the run-of-mine (ROM) pad by 31 January 2017.

Negotiations for phase two mining are underway which centre around a mining target of up to 28,000 tonnes but not less than 23,000 tonnes per month from the open pit and subject to current performance and operational outcomes being met, we will negotiate a longer term mining contract with Afmine in regard to the underground in due course.

The initial underground contract required a payment of a one-off mobilisation cost of US$50,000. Thereafter two milestone payments each amounting to US$75,000 are due when the agreed milestones are met. Premier granted discretionary conversion rights for five days starting from the date of completion to convert the two milestone payments into shares of no par value. The contract is structured to ensure the delivery of a minimum of 12,000 tonnes at a fixed cost per tonne. Any delivery beyond such 12,000 tonnes of mined material shall be at an incremental rate per tonne, with the motivation being to reduce the final processed cost per tonne.

About Afmine

Afmine is a leading mining and exploration services company operating in Zimbabwe which handles over 400 kilotons of ore on a monthly basis. The company specialises in both underground mining and specialised haulage solutions and has a good reputation for safety and efficiency. Afmine has worked for major projects and its clients include ASA Resources Limited (Freda Rebecca Gold Mine and Bindura Nickel Corporation) and Metallon Gold (Private) Limited (Shamva Gold Mine). Information on Afmine can be found at www.afmine.com.

Improved Off-take Terms and Appointment of Chief Operating Officer

As the year drew to a close we announced an improved off-take agreement with Noble Resources International Pts Limited (Noble) and the appointment of Anthony John Michalec as Chief Operating Officer, in a move designed to strengthen the management team at RHA.

Under the amended agreement, Premier will supply the first 4,100 metric tonnes of wolframite concentrate produced by the mine to Noble over an anticipated two year period on favourable pricing terms. Pricing for concentrates will be based at a discount to the European Ammonium Para-Tungstate APT price published by Metal Bulletin. Concentrates are sold in metric tonne units (mtu) where one mtu equates to ten kilograms of tungsten trioxide (WO_3) contained in a concentrate at a declared percentage, normally between 60% and 65%.

About Noble Group

Noble Group (SGX: N21) manages a portfolio of global supply chains covering a range of industrial and energy products. Operating from over 60 locations and employing more than 40 nationalities, Noble facilitates the marketing, processing, financing and transportation of essential raw materials. Sourcing bulk commodities from low cost regions such as South America, South Africa, Australia and Indonesia, the Group supplies high growth demand markets, particularly in Asia and the Middle East. More information on Noble can be found at www.thisisnoble.com.

At the close of the reporting period, progress at RHA had been good in certain aspects but slower than planned in others. Of note was the updated open pit resource statement and maiden underground resource. Work continues in further defining the underground resource and identifying the high-grade areas that could be mined most efficiently now. Significant high grade target opportunities have been identified located off the 926 adit access level that does not need shaft haulage. Delays were experienced in the completion of the shaft upgrades, which were eventually completed post the reporting period. Premier also elected to own the XRT sorter rather than to operate the XRT sorter on a toll processing basis. The financial benefits of owning significantly outweigh the cost of running the XRT on a toll basis and more than justified a short delay in the supply and installation of the system.

In order to oversee the successful transition to commercial production at RHA, the appointment of Anthony John Michalec as Chief Operating Officer (non-Board) was undertaken to strengthen the key management team. Anthony is a first class mining professional with in excess of 35 years of experience in mining engineering gained at both open pit as well as underground operations across Africa with companies like Shanta Gold and First Quantum Minerals.

RHA also reviewed the financial model incorporating the X-ray transmission sorter on a toll process basis and concluded that the financial arguments for an owner-operation justify a change of strategy and created a short delay in the installation of the system. Premier engaged an Engineering, Procurement, Construction and Management (EPCM) contractor who provided detailed engineering designs, installation support and quotation for a TOMRA sorter, planned for commissioning during 2017. The sorter and installation is part financed on a plant rental contract and part through Premier direct. Total cost of the sorter and installation is US$1.03m.

In November, we were delighted to report a 300% increase in open pit resources with an increase to 20.8 million tonnes at increased grade of 2.34kg per tonne, Maiden Underground Resource in developed areas of 1.3 million tonnes at 4.25kg per tonne, and up to a 40-year mine life indicated.

Post Reporting Period

Installation of the XRT sorter and additional upgrades to the crushing circuit completed in March 2017 and production commenced again thereafter. Having received all documentation and permits for exporting, RHA set in place arrangements for the first export shipments of concentrate to the port of Durban, South Africa. First shipment of concentrates of 20 ton grading at 60% wolframite was completed in late May 2017 and has been paid for. RHA forecast an optimisation period and anticipated increase in production to 10,000-11,500 metric ton units of wolframite during Q4 2017 subject always to attainment of anticipated grade and recoveries from the plant. During the optimisation process to date, the mine has demonstrated the capability to operate at profitable production levels on an instantaneous basis. More importantly, development in the open pit mining operation has now progressed through the heavily weathered upper layers in some areas and we are now able to identify and track grade from the pit, through the ROM pad and into the plant. This is a most significant development and is a tribute to very substantial effort that has been made by our geological team and mining engineers, particularly when faced with the extremely "spotty" nature of wolframite mineralisation. By its nature, the optimisation process is not necessarily a time of continuous operation and this has been the case at RHA. Certain issues have been identified during the optimisation phase and these are in the process of being attended to. These include minor upgrades to certain components to allow continuous operation at the higher tonnages now possible following the commissioning of the X-ray sorting system. These are expected to complete toward the end of August 2017 and we then expect to see production accelerate to the predicted levels of up to 10,000-11,500 metric ton units per month in the later part of 2017. Whilst attainment of this production level remains dependent on continuity of grade and plant recovery, the experiences we have had over the past two years and the developments in our resource estimations and underground mining, add a level of confidence to this expectation. RHA has been a drain on cash resources but we continue to believe that this is at a turning point and we expect strong cash flows from this operation later in 2017.

Strategic Report *continued*

Zulu Lithium and Tantalum Project

Zulu is located at Fort Rixon in Zimbabwe, 80km east of Bulawayo and easily accessible by road. The project comprises 14 claims covering a surface area of 3.5km^2.

Zulu is regarded generally as potentially the largest undeveloped lithium bearing pegmatite in Zimbabwe. It was first pegged in 1955 and intensely explored until the early 1960s. Minor petalite production was reported for 1961 and 1962. The pegmatite bodies intruded along serpentine and sedimentary rocks over a strike length of several kilometres. The width varies between 10 and 25 m. The bigger pegmatites to the north of the Machakwe River are rich in spodumene and lepidolite, the smaller pegmatites south of the river are rich in petalite. The pegmatite bodies strike N20° and dip with 70° to 90° to the west. Parts of the pegmatite are quite rich in tantalite-(Mn).

Zimbabwe is the only African country with a history of successful exploitation of lithium bearing mineralisation. Zimbabwe is the world's fifth largest lithium producer.

On Zulu, Premier has completed drilling work which confirmed the presence of mineralised pegmatites at depth. Pitting and sampling of the eluvial cover confirmed the presence of discrete grains of tantalite and scheelite in the overburden. To date, trenching and outcrop sampling by Premier have extended the length of the lithium pegmatite bodies to 3,500m underlining the potential for industrial scale mining.

Besides the obvious production of lithium minerals (petalite, spodumene and lepidolite), the Zulu Pegmatite offers the potential to produce tantalite from hard rock and alluvial resources and feldspar and high purity quartz for the ceramic industry from the pegmatite. Yet unproven is the existence of pollucite, the only major caesium ore, and coloured gemstones like, for example, emerald.

In June 2016 we reported initial test results of Zulu samples provided by Dorfner Analysenzentrum und Anlagenplanungsgesellschaft mbH. These included;

- 1.55% Li_2O reported in spodumene/lepidolite ore sample taken from the exploration adit.
- 1.23% Li_2O reported in petalite ore sample.

These high Li_2O grades contained in the bulk samples are in line with exploration data. The process development being undertaken in Germany is directed to production of marketable spodumene and petalite concentrates, both of which are in demand particularly in the ceramics and glass industries and as a source for low impurity lithium. Premier is now concentrating efforts to better understand the complexities of this substantial multi-phase pegmatite and further develop the resource model.

To remind shareholders, in late 2015, PREM undertook a mini-bulk sampling programme where three composite samples, each weighing between 250 and 285kg were taken in the respective pegmatites zones (petalite, spodumene-lepidolite at surface and in spodumene-lepidolite in the exploration adit).

We also announced in July 2016 that we had discovered excellent correlation between historic and current exploration programs that confirmed potential for massive lithium rich mineralisation. The completed 3D modelling of the Zulu pegmatite indicated a direct correlation of both historic data from Rhodesian Selection Trust (RST) with surface and drilling results from Premier's more recent exploration activities. RST suggested a mineralised ore body over some 460 meters and to a depth of some 50 meters. Premier's exploration on surface has extended the strike of the pegmatite to 3,500 meters and in limited drilling to test depth extension, has indicated continuity to 200 meters. This represents a seven times increase on strike and a four times increase in depth and potentially increases RST's exploration target most substantially. The ore body remains open on strike and depth. An exploration programme at Zulu will test the strike extensions to a limited depth and focus on establishing an initial code-compliant resource for Zulu. Bulk samples for flow sheet development are already at the laboratory and our intention is to target production of a saleable bulk concentrate in as low a capex operation as possible.

In September 2016, we announced to the market that we had commenced an extensive diamond drilling programme on Zulu. The drilling programme had two objectives. Firstly, to test for strike and depth extensions of the current known 3.5 kilometre surface strike length and secondly establish a maiden resource.

In addition, we began a review of the strategic options for the development of Zulu and potential monetisation of value, including possible strategic partnerships and / or the possibility of a separate listing for Zulu.

We believe that the potential scale and size of Zulu is analogue to other world-class spodumene/pegmatite deposits hence we believe that Zulu has the potential to be a company making asset. Premier will also progress its review of strategic options for the development of Zulu and the options for unlocking value for the Company and its shareholders, including possible strategic partnerships and / or the possibility of a separate listing for Zulu Lithium. Separately, Zulu Lithium Mauritius Limited (Zulu Lithium) agreed terms with Mr. David Lenigas to conduct a consultant's review of Zulu based on his expertise in the lithium development sector. The review will focus on the potential introduction to Zulu Lithium of third-party strategic investors and joint-venture partners at a corporate or project level as well as corporate or project-level debt and / or equity investments. Mr. David Lenigas will not have any involvement in the Group's flagship tungsten operations at RHA nor its other projects. His appointment is advisory only and non-exclusive. Zulu Lithium agreed to pay Mr. David Lenigas in relation to the services a fee of £500 per month together with a warrant to subscribe for twenty-three million new ordinary shares in Premier African Minerals Limited. The warrant was exercisable from 1st February 2017 and valid for 3 years at a strike price 0.8 pence.

Mr Lenigas is a seasoned natural resources executive with specific experience in helping unlock value from natural resources and we look forward to a successful outcome following this appointment.

The Zulu drilling programme consisting of 20-hole, 2,500m diamond drilling is underway. An initial 600m focused on the currently known strike boundaries in the north and south areas of Zulu. The remaining 1,900m targeted the spodumene zone in the south-centre in order to better define the main ore body, both along strike and at depth.

Premier contracted Geodrill Private Limited, a local drilling contractor based in Bulawayo, to conduct the drilling programme. Logging and sample preparation will be conducted at RHA and the prepared pulps will be sent to SGS South Africa (Pty) Ltd for multi-element assays (sodium peroxide fusion followed by acid digestion and ICP-OES/ICP-MS).

The first diamond core hole (ZDD-14) drilled at Zulu intersected 9.5 metres of visual spodumene petalite lithium mineralisation, from a down hole depth of 10.5 metres Hole ZDD14 also intersected 14 meters of mineralisation from 11 meters down hole to 46 meters; and Hole ZDD16, 26 meters of mineralisation from 18 meters to 58 meters down hole. ZDD14 is located 200 metres from the surface bulk sample area that previously reported grades of 1.55% Li_2O.

In October and November 2016 we reported to the market the results of the drill campaign at Zulu.

Significantly elevated tantalum (Ta_2O_5) grades were encountered in all holes sampled, with grades reported as high as 706 ppm Ta_2O_5 in borehole ZDD 14. Massive lithium enriched mineralised intersections in excess of 40 meters in hole ZDD-05, were also discovered. Greater than 2% lithium (as Li_2O) grades were reported over bore hole intersections of up to 20 metres. Massive lithium enriched mineralised intersections in all 8 holes drilled were detected.

Zulu is shaping up to be a world-class asset with the interim results proving extremely encouraging and support the company's view that Zulu has the potential to be one of the best hard rock lithium projects today. The tantalum grades proved even more significant when compared to the bell-weather Pilgangoora Lithium-Tantalum deposit, which is currently being developed in Australia by Pilbara Minerals Ltd and has reported generally lower tantalum grades than the current Zulu results received to date in their latest reserve statement in August 2016. Pilbara Minerals report that their Proved and Probable Ore Reserve are 69.8 million tonnes grading 1.26% Li_2O (Spodumene) and 132 ppm Ta_2O_5.

Elevated Tantalum Results

The Niobium (Nb_2O_5) and Tantalum (Ta_2O_5) results were assayed for niobium and tantalum at the company's laboratory using a calibrated desk mounted XRF. The fact that Ta_2O_5 grade is significantly higher than Nb_2O_5 indicated that the Zulu pegmatites are highly differentiated pegmatites. Highly differentiated pegmatites have the best potential for high-grade Lithium, Tantalum and Cesium mineralisation.

We experienced some interruption of our drilling activity because of unseasonal heavy rains, which served to delay reporting of the drill and assay results. However, we managed post reporting period to complete the 2,500 metre drilling programme. Operationally, we also intend to commence a Mobile Metals Ions (MMI) survey which is an innovative soil geochemical survey to detect hidden mineralisation in areas where the mineralisation isn't outcropping. We hope that this innovation will help us gain more geological knowledge of Zulu as we begin to re-focus exploration efforts, now that RHA has moved into full operational phase.

Post Reporting Period

We released a maiden resource statement on the 6th June 2017, reporting a SAMREC compliant inferred mineral resource estimate for Zulu of 20.1 million tonnes @ 1.06 % Li_2O and 51 ppm Ta_2O_5 using a cut-off grade of 0.5% Li_2O, including 7,159,048 tonnes @1.5% Li_2O.

The resource estimate contained 526,000 tonnes of lithium carbonate equivalent (LCE) and 1,025 tonnes of tantalum pentoxide. The maiden resource estimate covered only 35% of Zulu's known 3.5km surface strike length and drilling continues in order to potentially upgrade and expand the mineral resource estimate.

Metallurgical test results from test work conducted in Germany by Dorfner Anzaplan are particularly pleasing both in the projected grades of concentrates that will be available, but also in the very low iron content that offers additional markets not only for spodumene and petaltite but also the potential for high grade feldspar and high purity quartz. Ongoing drilling at Zulu has yielded most encouraging mineralisation in the core and we confidently await assay results in the expectation that this will expand the compliant resource and add substantially to our initial confidence in this world class deposit.

Strategic Report *continued*

Circum Minerals Limited

2% Interest

Premier holds 2 million shares in Circum Minerals Limited, the owners of the Danakil Potash Project in Ethiopia. At present those shares are valued at US$4 million and this valuation is strongly supported by project fundamentals set out below.

In March 2017 we reported that we had been advised by Circum Minerals Ltd (Circum) that they had appointed Morgan Stanley to conduct a Strategic Review for the Danakil Project. This coincided with the release of results by Circum of the Optimized Definitive Feasibility Study for the Danakil project. The Optimized DFS improves a number of the project parameters set out in the original Definitive Feasibility Study completed in August 2015.

The Optimized DFS confirms that the company's Danakil Project is expected to be a world-class project in terms of size and could potentially become the world's lowest cost potash producer and a major supplier to the Asia Pacific markets.

We take this opportunity of reminding shareholders of the key highlights of the Optimized Definitive Feasibility Study.

- Measured, Indicated and Inferred Resources of 4.9 billion tonnes at 18.1% KCl
- Seismic data suggests a potential total resource of 12 to 14 billion tonnes
- Proven and Probable Reserves of 107.8 million tonnes of KCl equivalent
- Expected annual production of 2 million tonnes of MOP and 750,000 tonnes of SOP for Phase I
- Reserves support 26 year mine life for Phase I, including a three year ramp-up period
- Development capital for Phase I of US$2.3 billion (including contingency) with peak funding of US$1.8 billion due to early revenue from initial production
- Low capital intensity per tonne of annual production at US$838 per tonne
- Lowest quartile mine gate cash costs of US$38 per tonne of MOP and US$112 per tonne of SOP
- Total operating costs (FOB Djibouti) of US$81 per tonne of MOP and US$156 per tonne of SOP
- Substantial transportation advantages to India, Southeast Asia and China
- After-tax Net Present Value of US$2.1 billion, at a 10% real discount rate
- After-tax nominal Internal Rate of Return of 25.8%

Circum, together with their independent consultants Senet (Pty) Ltd of South Africa and K- UTEC AG Salt Technologies, reviewed the costs in the 2015 DFS. Through their work on the Optimized DFS, development, capital costs were reduced by US$276 million and projected operating costs were reduced by approximately US$3 per tonne. These reductions have had a favourable impact on the project economics.

Post Reporting Period

Post reporting period we were delighted to learn that Circum's application for a mining license for the Danakil Potash Project had been approved by the Council of Ministers of the Federal Democratic Republic of Ethiopia.

The mining agreement provides exclusive access over the 4.9 billion tonnes NI 43-101 compliant potassium resource contained within the 365km^2 license area for an initial period of 20 years and is renewable indefinitely for further 10 year periods, provided that financial viability continues to be demonstrated. The License allows the exploitation of potassium-bearing minerals which exist at relatively shallow depths within the vast license area. The minerals will be exploited by solution mining, the lowest risk mining method suitable to this region, and will be processed by crystallization in solar ponds prior to final refining in a process plant. The combination of these techniques, which have already been proven by field trials in the license area, will return operating costs projected to be among the lowest in the global potash industry for both potassium chloride (MOP) and potassium sulphate (SOP).

The award of the License follows the submission of a comprehensive set of pre-requisite data which included a definitive feasibility study, a social and environmental impact assessment (ESIA) and associated management plans and detailed production and financial models.

With the mining license now in place our investment in Circum has been strengthened strategically. In value comparative terms, the much smaller Yara project to the south of Circum was recently funded on a valuation of US$200 million (i.e. equivalent to Circum at US$2 per Circum share). It is reasonable to conclude that Circum is likely to achieve a significantly higher value on its much bigger project. We remain a supportive shareholder of Circum and we are encouraged by the progress Circum is making in this reporting period where we consider our investment in Circum to be one that could help generate a positive liquidity event for our shareholders.

TCT Industrias Florestais Limitada

52% Interest

In April 2016, we announced a major transaction and addition to our portfolio through the terms to acquire an initial 52% interest in Mozambique-based TCT Industrias Florestais Limitada (TCT). We subsequently successfully completed the acquisition at the end of October 2016.

TCT owns a substantial limestone deposit located on rail in the Sofala Province of Mozambique and is the holder of the exploration licence together with significant forestry operations.

Main Limestone Asset

TCT holds exploration rights over a limestone deposit that covers 27km². The limestone deposit is situated 20 km southwest of Caia. The Tete/Beira rail link, complete with 3-line siding, runs adjacent to the northern boundary of the property. Early test work on surface material indicates acceptable grades of $CaCO_3$ for limestone for cement production; solubility suitable for Agri-lime; and material that is expected to be suitable for aggregates production. An existing market and available infrastructure significantly adds to the early development potential of the deposit. Import replacement supports local demand for lime for cement production, agricultural applications and aggregates.

Rationale

TCT's current operating and award winning forest operations provide a hedge for exploration risk and when the forest and tourism operations are cash generative, will also mitigate exploration expenditure. TCT operations are expected to be self-sustaining from an early stage.

Background to the Acquisition

In accordance with our stated strategy, Premier's business objective is to find, invest and acquire interests in low capex potentially near-term production assets. The Board of Premier believes that the TCT limestone project provides this opportunity in a region that the company currently operates and that TCT's limestone and timber interests complement the company's current portfolio of natural resource interests.

TCT in Detail

TCT is an unlisted Mozambique natural resources company, which has an early stage 27km² limestone exploration license in Mozambique. In addition, TCT has a 24,821 hectare hardwood forestry concession located in central Mozambique, with allied milling and furniture manufacture and semi-finished goods export.

TCT is the operator of the limestone exploration license and this is valid for 2 years from the date of formal grant in March 2016, and is renewable for up to 10 years in total. The work commitments under the exploration license are set out in an approved exploration programme that is budgeted at US$200,000. There has been limited exploration work to date on the limestone deposit and there is no current resource, although there is evidence of historic small scale mining activity. The company plans to commence an initial exploration and assessment work programme on the limestone deposit. The approved exploration programme is fully funded.

In addition to its limestone project, TCT also has existing forestry operations that are expected to contribute significantly to cash flows from an early stage. The Forestry concession is valid for another 10 years and is permitted to cut up to 3,000 m³ per annum, over and above historically cut and dead timber. At present TCT produces a range of Mozambique hardwoods and either exports top grade kiln dried timber in unfinished or semi-finished form. Bespoke furniture and a number of allied timber items are produced from timbers that are highly rated in both Germany and the UK. Located within the forest area, TCT operates a 32 bed lodge and a 9,963- hectare game farm and hunting concession. This concession is valid until 2065.

TCT is a private Mozambique company and its accounts are un-audited. The most recent available accounts for TCT are for the year ended 31 December 2014. TCT's turnover for the year ended 31 December 2014 amounted to US$1 million, principally comprising sales of timber and wood-based products under the Dalmann brand. No sales of limestone aggregate were reported as the limestone project is at an exploration stage of development. TCT's loss before taxation for the same period amounted to US$128,000. Total assets as at 31 December 2014 amounted to US$537,000. Further details on TCT's activities are available from their website at www.dalmann.com.

Deal Structure

The agreement to acquire was secured through an initial 26% interest in TCT from Transport Commodity Trading Mozambique Limitada (TCTM) and a further 26% interest from GAPI Sociedade de Investimentos S.A. (GAPI), in aggregate amounting to 52% for a total consideration of US$2.1 million.

Pursuant to the agreement with TCTM, the Company conditionally agreed to acquire TCTM's 26% interest in TCT (the TCT Agreement) for a consideration of US$1.1 million, payable in

Strategic Report *continued*

4 tranches in either new Premier Ordinary Shares or cash (at the discretion of TCTM). The first tranche of the consideration amounts to US$440,000 and is payable to TCTM on satisfaction of the conditions precedent to the transaction. The remaining US$560,000 payable in three equal instalments 60, 90 and 120 days after the date of completion of the acquisition.

Prem also entered into a conditional Promise of Sale and Purchase Agreement with GAPI pursuant to which the company agreed to acquire GAPI's 26% interest in TCT (the GAPI Agreement). The consideration payable to GAPI amounts to US$1.0 million and is payable in five tranches. The initial tranche of the consideration amounts to US$220,000 in cash and payable to GAPI on satisfaction of the conditions precedent to the transaction and will be held in escrow pending completion. The balance of US$780,000 is payable in four equal instalments of US$195,000 in either new Premier Ordinary Shares or cash (at the discretion of GAPI) (GAPI Deferred Payments) with the first GAPI Deferred Payment of US$190,000 due on the thirteenth (13th) month following completion and the next payment every six months thereafter. The GAPI Deferred Payments bear interest at the rate of LIBOR plus 2%. The GAPI Agreement is conditional, inter alia, on no material adverse change in either TCT or Premier's business or operations, third party consents and Bank of Mozambique approval.

The total consideration payable under the TCTM Agreement and the GAPI Agreement amounts in aggregate to US$2.1 million (equivalent to approximately £1,460,000).

Premier has also entered into a binding memorandum of understanding with TCTM, GAPI and the other shareholders of TCT (the MOU) which set out the relationship between the shareholders and certain rights and obligations. Under the MOU, and entirely at Premier's sole discretion, Premier agreed to fund the limestone exploration programme and TCT's operations by way of a loan of up to US$1 million, subject to receiving necessary Mozambique central bank consent. Premier will have the right to convert amounts provided under the TCT loan into TCT equity as and when the loan totals US$1 million. When the TCT loan is converted, Premier's maximum interest in aggregate in TCT would increase to 68%. For so long as any GAPI Deferred Payments remain outstanding, conversion of the TCT Loan would be conditional on the prior written consent of GAPI.

Pursuant to the MOU, Premier also has a right of first refusal over the remaining TCT shares on terms to be determined at such time that it exercises the right.

CASA Mining Limited

4.5% Interest

In October of the reporting period, we announced that we had acquired a 4.5% stake in Casa Mining Limited (CASA), a private company registered in Mauritius that holds prospective gold mining and exploration licences in the Democratic Republic of Congo and which is the 71.25% owner and operator of the Missi Gold Project located in Sputh Kivu, which is approximately 350km south of Bukavu and 180km north of Kalemie. To help support the acquisition we raised £300,000 (before costs and expenses) through the issue of new Ordinary Shares at an issue price of 0.32 pence per new Ordinary Share.

The acquisition of a stake in CASA, added a gold asset which we consider a valuable addition and one that filled a gap within our portfolio where previously we offered our shareholders no exposure to the precious metals sector. We have now rectified that omission.

The CASA licence holdings consist of three contiguous mining licenses (133km^2), issued in March 2015 and valid for 30 years. These licenses, which encompass a 60km strike length of the Tanganyika graben within the Rusizian belt ("Misisi Corridor"), include the Akyanga deposit along with the Lubitchako, Tulongwe, Kilombwe and Mutshobwe prospects (targets). Over the last six years approximately US$30m was spent by CASA developing these licenses. In addition to the regional geophysical surveys completed over these license areas in 2011, CASA has carried out 19,522m of diamond drilling, 2,720m of reverse circulation drilling and excavated 6,274 line metres of trenches on their respective licenses.

At CASA's most advanced project, the Akyanga deposit, SRK reported a JORC compliant Mineral Resource with a US$1,200/oz gold selling price and 0.5 g/t Au cut-off grade optimised pit shell, which comprises a gross Inferred oxide gold Mineral Resource of 5.5 Mt at a grade of 1.5 g/t Au for approximately 272 koz of contained metal. SRK has further reported a gross Inferred transition gold Mineral Resource of 16.2 Mt at a grade of 1.8 g/t Au for approximately 927 koz of contained metal.

Following detailed structural geological reinterpretation of the deposit, the above resource has now been revised by African Mining Consultants ("AMC") to a JORC-compliant Inferred Mineral Resource of 1,046,000 oz Au at an average grade of 2.27 g/t Au, using a US$1,250/oz gold price and a conservative 1.5 g/t Au cut-off grade.

Principal Activities and Strategic Review of the Business

The principal activity of Premier African Minerals Limited (Premier or the Company) and its subsidiary companies (the Group) during the year under review is the mining, exploration, evaluation development and investment in natural resource properties on the African continent. During the year, the Group moved from primary explorer and developer to producer with its flagship project, the RHA Tungsten Mine, located in Zimbabwe.

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.

Objectives

RHA

During the period under review, the primary focus of the company was to ensure that teething issues encountered during the mine commissioning phase that resulted in a suspension of mining operations, could be rectified in order to enable RHA to move into steady production output to attain cash flow revenues.

With those commissioning challenges now being managed, the primary focus will be to ensure RHA attains steady production flows in line with the capacity of the mining and processing plant capabilities.

Further, we want to undertake further resource technical and geological work to determine the possibility of adding further resources to the asset base of RHA.

Zulu

Following the securing of a maiden resource estimate, the objective is to undertake further metallurgical test-work and with our advisers explore corporate actions that could serve to release value for the company from what is emerging as a globally significant technology metals asset.

CASA

As a supportive shareholder, we are working with CASA to provide support during a period when an important drill programme is under way that could result in a significant increase in the gold resource at Misisi. Should such an outcome occur, we consider CASA will become an attractive acquisition target for a major gold mining company, or become suitable for a public market listing, where our objective for CASA is to ensure our shareholding secures maximum value for our shareholders as the Misisi project moves up the value curve.

Circum

With a mining licence now secured on the flagship Danakil Potash Project, our objective in connection with what is a small shareholding in Circum, is to remain vigilant and supportive as our investment exposure enters a new period and react to any opportunity to expand our interest in this tier 1 project.

TCT

As a cash generating component within our portfolio, our objective with TCT is to work with the company to provide as much financial reporting transparency as possible so as to feed the financial and operation performance of TCT back to our shareholders and the market. We also intend to work to advance exploration and development work on their limestone asset acreage.

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, geo-political risks, 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 un-favourable 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

The Group has recently recorded some revenue from operations at RHA and is expected to generate ongoing revenue as mining operations become more stable. The Group's success will depend on its ability to raise capital and generate cash flows from production 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 flagship project, RHA Tungsten, has moved into production during 2017 but all other 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 in Zimbabwe, Togo and Mozambique, 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.

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 and Senior Management; and
- Regular board and meetings and discussions with the Non-executive directors.

The Group's activities expose it to a number of financial 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 31 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.

The RHA Tungsten Project located in Zimbabwe was granted approval of its Environmental Impact Assessment and is permitted to undertake mining operations by the Environmental Management Agency of Zimbabwe.

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 provides ongoing 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 continued to move from a development and exploration company into operations during the year under review.

During the year, the Group raised US$5.528 million in net funding through share and warrant subscriptions to fund further investment in the RHA Tungsten Mine to improve production, exploration at Zulu, to acquire a minor stake in the unlisted Casa Mining and to fund working capital.

Immediately subsequent to the year-end, the Group raised a further US$615,000 (£550,000) through the further issue of Loan Notes. In January 2017, the Group raised a further US$1.277 million (£1.020 million) through a direct subscription for new shares, whilst in March 2017; the Group raised further gross proceeds of US$2.512 million (£2.0 million) through an underwritten offer through PrimaryBid.com. There remains an active and very liquid market for the Group's shares.

The Directors have prepared cash flow forecasts for the period ended 31 December 2018, taking into account forecast operating cash flow and capital expenditure requirements for its RHA Tungsten mine, operating cash flows at TCT, available working capital and forecast expenditure for the rest of the Group including overheads and other development costs. The forecasts include additional funding requirements which the directors believe will be met.

In the event that RHA fails to meet revenue predictions from the end of Q3, and any other relevant risk factor discussed in regard to RHA arises, the Group will need to obtain additional debt finance or equity to fund its operations and other project development activities for the period to 31 December 2018. The cash flow forecast is as much dependent on production targets being met at RHA, as the price of APT remaining stable during the period to 31 December 2018.

The Board believes it has a valuable asset in the Zulu Lithium and Tantalum exploration project and is considering a number of approaches that have been made that may result in a sale of all or part of this asset and a resultant liquidity event.

The Board also believes that it has a valuable asset in the Circum shares whose estimated fair value at 31 December 2016 remained at US$4 million.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group will be able to obtain adequate resources to enable it to undertake its planned activities for the period to 31 December 2018 from production and from additional fund raising and have prepared the consolidated financial statements on the going concern basis. Nevertheless due to the uncertainties inherent in meeting its revenue predictions and obtaining additional fund raising there can be no certainty in these respects. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

George Roach
Chief Executive Officer & Executive Chairman
7 July 2017

Directors' Report

Results

The audited financial statements for the year ended 31 December 2016 are set out on pages 20 to 60. The Group realised a loss before and after tax of US$5,632,000 for the year ended 31 December 2016 (31 December 2015: US$7,862,000).

The operating loss includes:

- A gross loss of US$458,000 (2015: US$1,453,000);
- Depreciation and amortisation expense of US$1,456,000 (2015: US$714,000);
- No impairment charge on exploration and evaluation assets in 2016 (2015: US$844,000)
- Administration expenses totalled US$2,999,000 (31 December 2015: US$3,132,000)
- Finance costs totalled US$721,000 (2015: US$1,719,000)

Dividends

As the Group moved closer to production during the year and incurred losses during financial year 2016, the Directors do not recommend the payment of a dividend in respect of the year under review.

Fund-Raising and Capital

During the 2016 financial year, net funds of US$5,528,000 (2015: US$2,218,000) were raised through equity and direct subscriptions from the issue of share capital.

Darwin

During the year the Company raised net proceeds of US$2,350,000 (2015: US$4,142,000) from the issue of loan notes to Darwin Strategic Limited ("Darwin") primarily to fund the construction of the RHA Tungsten Project. As noted in the prior year, loan notes outstanding at the year end with a gross value of £1,125,000 were fully settled by the issue of equity during the 2016 year.

In August 2016, the Company entered into a new Loan Note agreement with Darwin for up to US$4,609,000 (£3,500,000) and issued Loan note 1 with a gross value of US$2,305,000 (£1,750,000) on that date. During November 2016 Darwin converted US$310,000 (£250,000) into equity. A further issue of loan notes was made on 19 December for a gross value of US$681,000 (£550,000).

Subsequent to the yearend further loan notes with a gross value of US$677,000 (£550,000) were issued and during January and February 2017 all outstanding loan notes were redeemed through the issue of equity.

Further information on the Darwin Loan Notes is provided in notes 24 and 25.

Subscription for shares

In January 2017, the Company raised a further £1.0 million through a direct subscription for new shares, whilst in March 2017 the Company raised further gross proceeds of £2.0 million through an underwritten offer through PrimaryBid.com. There remains an active and very liquid market for the Group's shares.

Borrowings

During the prior year the Chairman had provided bridge loan financing of US$550,000, of which US$247,000 was converted to equity during 2016. Subsequent to the year end the balance was converted through the issue of equity.

The US$250,000 unsecured loan from AgriMinco Corp was settled subsequent to the year end.

Further information on these transactions is included in note 22.

Other Key Elements of Financial Position

The intangible assets increased during the period through the provisional valuations of the TCT limestone assets of US$1,968,000 and the forestry concession of US$1,022,000. Goodwill amounting to US$1,034,000 (2015: US$ Nil) has been recognised on the acquisition of TCT. Exploration and Evaluation costs of US$276,000 were capitalised on the Zulu Lithium and Tantalite Project in Zimbabwe.

Some US$1,078,000 was invested in the acquisition of property, plant and equipment during the year (2015: US$5,937,000) whilst an additional investments of US$250,000 was made in available-for-sale assets (2015: US$ Nil).

Events After the Reporting Date

At the date these financial statements were approved, the Directors were not aware of any significant events after the reporting date other than those set out in note 34 to the financial statements.

Directors

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

- George Roach (appointed on incorporation April 2007);
- Pamela Hueston (resigned 27 July 2016);
- John (Ian) Stalker (appointed 4 December 2012, reappointed 22 April 2016);
- Michael Foster (appointed 26 February 2015);
- Russel Swarts (appointed 19 January 2017)

Share Capital

Premier's shares are publicly traded on AIM with the stock ticker of PREM.

As at the date of this report the Company's issued share capital consists of 4,391,022,019 Ordinary Shares of no par value.

The company does not hold any Ordinary Shares in treasury.

Major Shareholders

As at the date of this report the Company is aware of the following persons who hold, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company to which voting rights are attached:

Name	Number of Ordinary Shares	% Issued Share Capital
George Roach*	461,787,134	10.5%

** George Roach and/or structures associated with G Roach.*

The percentage of shares not held in public hands is 19.91%.

There are no restrictions on the transfer of the Company's AIM securities.

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

At the reporting year-end, the Board had four directors, three of whom are non-executive.

One executive director resigned on the 27th July 2016.

A new director was appointed on the 19th January 2017.

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, which comprises of Mr Michael Foster, Mr Russel Swarts and Mr Ian Stalker, and is chaired by Mr Stalker, is responsible for the appointment of auditors and the audit fee, and for ensuring that the financial performance of the Company is properly monitored and reported. The Audit Committee, inter alia, meets with the Company's external auditor and its senior financial management to review the annual and interim financial statements of the Company, oversees the Company's accounting and financial reporting processes, the Company's internal accounting controls and the resolution of issues identified by the Company's auditors.

Remuneration Committee

The Remuneration Committee comprises of Mr Ian Stalker and Mr Michael Foster and is chaired by Mr Stalker. The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies for Premier. The Committee reviews and recommends remuneration strategies for the Company and proposals relating to compensation for the Company's officers, directors and consultants and assesses the performance of the officers of the Company in fulfilling their responsibilities and meeting corporate objectives. It has the responsibility for, inter alia, administering share and cash incentive plans and programmes for Directors and employees and for approving (or making recommendations to the Board on) share and cash awards for Directors and employees.

Disclosure Committee

The Disclosure Committee comprises of Mr Michael Foster and Mr Ian Stalker and is chaired by Mr Foster. The Disclosure Committee assumes general responsibility for approval and monitoring compliance with the Company's disclosure controls and procedures. It has the responsibility, inter alia, determining whether information is inside information, deciding whether the inside information is to be announced as soon as possible and reviewing the scope, content and accuracy of disclosure. The Company has adopted a share dealing code governing the share dealings of the Directors and applicable employees during close periods and is in accordance with Rule 21 of the AIM Rules.

Nomination Committee

The Nomination Committee meets 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 Mr George Roach and Mr Ian Stalker, and is chaired by Mr Roach.

AIM Compliance Committee

The AIM Compliance Committee comprises Mr Ian Stalker and Mr Michael Foster and is chaired by Mr Stalker. The AIM Compliance Committee 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.

Directors’ Report *continued*

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office as auditor.

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 judgments and accounting estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with IFRSs adopted by the EU; and
- 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

George Roach
Chief Executive Officer & Executive Chairman
7 July 2017

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

Opinion on Non-Statutory Financial Statements

We have audited the group non-statutory financial statements for the year ended 31 December 2016 on pages 20 to 60. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2016 and of its loss for the year then ended; and
- Have been properly prepared in accordance with IFRSs as adopted by the European Union.

Emphasis of Matter – Carrying Value of Property, Plant and Equipment and Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 4 and 5 of the financial statements concerning the recoverability of mine assets included in property, plant and equipment and the Group's ability to continue as a going concern.

- Carrying value of property, plant and equipment ("PPE") – note 4 describes the key assumptions that management have made in the value in use calculation for the RHA mine cash generating unit in concluding that the carrying amount of its PPE of US$9.4 million is not impaired. The key assumptions include production volumes, grade and wolframite prices, as well as discount rate and mine life. As the mine is at an early stage of production, there can be no certainty over these assumptions, which indicates the existence of a material uncertainty in respect of the carrying value of property, plant and equipment.
- Going concern – note 5 describes the uncertainty over production volumes and sales prices achievable at the RHA mine on which the cash flow forecasts are based and the need for additional fund-raising in the next 12 months, on which the Group is dependent in order to continue operating as a going concern. These factors indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern or adjustments were required to the carrying value of property, plant and equipment.

Emphasis of Matter – Identification and Valuation of Intangible Assets Acquired in a Business Combination

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 4 and 14 of the financial statements concerning the identification and valuation of intangible assets acquired in the acquisition of TCT.

The fair values of the limestone exploration license and forestry concession have been determined on a provisional basis because management have not yet completed the fair value exercises. Any subsequent change in identification of assets acquired or the valuation of these assets will impact the fair value of intangible assets and also goodwill, deferred tax and non-controlling interests arising in respect of the business combination.

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

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.

Respective Responsibilities of Directors and Auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 21, 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.

This non-statutory report is made solely to the company's members, as a body, in accordance with the terms of our engagement dated 11 March 2016. 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.

RSM UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

7 July 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 $ 000	2015 $ 000
Revenue		192	103
Cost of sales	7	(650)	(1,556)
Gross loss		(458)	(1,453)
Administrative expenses	8	(2,869)	(3,132)
Depreciation and amortisation expense	16	(1,584)	(714)
Impairment of exploration and evaluation assets	13	-	(844)
Operating loss		(4,911)	(6,143)
Finance costs	10	(721)	(1,719)
		(721)	(1,719)
Loss before income tax		(5,632)	(7,862)
Income tax expense	11	-	-
Loss for the year		(5,632)	(7,862)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Gain arising on available-for-sale financial asset	15	-	1,500
Foreign exchange translation		(65)	50
		(65)	1,550
Total comprehensive income for the year		(5,697)	(6,312)
Loss attributable to:			
Owners of the parent		(3,405)	(5,992)
Non-controlling interests		(2,227)	(1,870)
Loss for the year		(5,632)	(7,862)
Total comprehensive income attributable to:			
Owners of the parent		(3,470)	(4,442)
Non-controlling interests		(2,227)	(1,870)
Total comprehensive income for the year		(5,697)	(6,312)
Loss per share (expressed in US cents)			
Basic and diluted loss per share	12	(0.2c)	(0.1c)

The notes on pages 24 to 60 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

	Notes	2016 $ 000	2015 $ 000
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	13	5,436	3,192
Other intangible assets	13	1,022	-
Goodwill	14	1,034	-
Investments	15	4,250	4,000
Property, plant and equipment	16	9,585	9,918
Other receivables	19	196	255
		21,523	17,365
Current assets			
Inventories	18	335	183
Trade and other receivables	19	268	426
Cash and cash equivalents		399	45
		1,002	654
TOTAL ASSETS		22,525	18,019
LIABILITIES			
Non-current liabilities			
Other financial liabilities	21	(937)	(180)
Borrowings	22	-	(259)
Deferred tax	11	(983)	-
Provisions	23	(809)	(735)
		(2,729)	(1,174)
Current liabilities			
Bank overdraft		(155)	(62)
Trade and other payables	20	(2,615)	(3,049)
Other financial liabilities	21	(1,370)	(10)
Borrowings	22	(566)	(549)
Loan notes	24	(1,874)	(1,230)
Derivative financial instruments	24	-	(194)
		(6,580)	(5,094)
TOTAL LIABILITIES		(9,309)	(6,268)
NET ASSETS		13,216	11,751
EQUITY			
Share capital	25	26,856	21,469
Merger reserve	26	(176)	(176)
Foreign exchange reserve	27	284	349
Share based payment reserve	28	1,284	1,079
Loan note warrants	24	562	-
Retained earnings		(12,878)	(9,473)
Total equity attributable to the owners of the parent company		15,932	13,248
Non-controlling interests	33	(2,716)	(1,497)
TOTAL EQUITY		13,216	11,751

These financial statements were approved and authorised for issue by the Board on 7 July 2017 and are signed on its behalf.

George Roach
Chief Executive Officer

The notes on pages 24 to 60 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December 2016

	Notes	2016 $ 000	2015 $ 000
Net cash outflow from operating activities	30	(3,486)	(3,099)
Investing activities			
Property, plant and equipment expenditure	16	(1,078)	(4,365)
Exploration and evaluation expenditure	13	(276)	(885)
Purchase of available-for-sale financial assets		(250)	-
Cash acquired TCT		25	-
Proceeds from sale of investment in Joint Venture		-	1,000
Net cash used in investing activities		(1,579)	(4,250)
Financing activities			
Proceeds from borrowings	22	-	800
Net proceeds from issue of loan notes	24	2,350	4,142
Net proceeds from issue of share capital	25	3,178	2,218
Finance charges		(168)	-
Repayment of finance lease		(36)	-
Net cash from financing activities		5,324	7,160
Net increase /(decrease) in cash and cash equivalents		259	(189)
Cash and cash equivalents at beginning of year		(17)	174
Effect of foreign exchange rate variation		2	(2)
Net cash and cash equivalents at end of year		244	(17)

The notes on pages 24 to 60 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital $ 000	Merger reserve $ 000	Foreign exchange reserve $ 000	Share based payment reserve $ 000	Loan note warrants $000	Retained earnings $ 000	Total attributable to owners of parent $ 000	Non-controlling interest ("NCI") $ 000	Total equity $ 000
At 1 January 2015	14,792	(176)	299	1,118	-	(6,076)	9,957	373	10,330
Loss for the year	-	-	-	-	-	(5,992)	(5,992)	(1,870)	(7,862)
Foreign exchange translation	-	-	50	-	-	-	50	-	50
Gain on available-for-sale asset	-	-	-	-	-	1,500	1,500	-	1,500
Total comprehensive income for the period	-	-	50	-	-	(4,492)	(4,442)	(1,870)	(6,312)
Transactions with owners									
Issue of equity shares	6,757	-	-	-		-	6,757	-	6,757
Share issue costs	(80)	-	-	-		-	(80)	-	(80)
Share based payment	-	-		(39)		1,095	1,056	-	1,056
At 1 January 2016	21,469	(176)	349	1,079	-	(9,473)	13,248	(1,497)	11,751
Loss for the year	-	-	-	-	-	(3,405)	(3,405)	(2,227)	(5,632)
Foreign exchange translation	-	-	(65)	-	-	-	(65)	-	(65)
Total comprehensive income for the period	-	-	(65)	-	-	(3,405)	(3,470)	(2,227)	(5,697)
Transactions with owners									
Acquisition of TCT	-	-	-	-	-	-	-	1,008	1,008
Issue of equity shares	5,640	-	-	-	-	-	5,640	-	5,640
Share issue costs	(253)	-	-	-	-	-	(253)	-	(253)
Share based payment	-	-	-	205	-	-	205	-	205
Loan note warrants	-	-	-	-	562	-	562	-	562
At 31 December 2016	26,856	(176)	284	1,284	562	(12,878)	15,932	(2,716)	13,216

The notes on pages 24 to 60 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 mining 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 under the historical cost convention with the exception of available-for-sale financial assets and derivative financial instruments which are included at fair value, 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

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. This is evidenced with RHA Tungsten (Private) Limited which the Group owns 49% of but is consolidated into the Group (refer note 4).

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.

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 and goodwill

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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is tested for impairment as at the reporting date. Goodwill is allocated for the purpose of impairment testing to cash generating units and then the recoverable amount of each cash generating unit at the period end is assessed on the basis of value in use, or if higher the fair value less costs of disposal. If the recoverable amount exceeds the carrying values no impairment loss is recognised.

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 2016:

Title	Subject	Effective date
All IFRS and IFRS 12*	Annual Improvements to IFRSs 2014–2016 Cycle	1 January 2017 & 1 January 2018
Amendments to IAS 12*:	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7*	Disclosure Initiative	1 January 2017
Amendments to IFRS 2*	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRIC 22*	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers (IFRS 15 clarifications not EU-endorsed)	1 January 2018
IFRS 16*	Leases	1 January 2019

**Not yet endorsed in the EU*

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the Group

Revenue

Revenue from the sale of wolframite concentrate is recognised in profit or loss when the product is sold. A sale occurs when the significant risks and rewards of ownership have been transferred to the buyer. Ownership is transferred when the concentrate is delivered to the buyer's designated port and a certificate of delivery is obtained.

Foreign currencies

The Group's presentation currency and the functional currency of each of the group's entities is US Dollars.

Foreign currency transactions are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in 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.

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. Once the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, 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 property, plant and equipment.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Intangible asset – forestry concession

The forestry concession has been provisionally valued using a discounted future cash flow earning approach. The recognition of the intangible asset fulfils the conditions of being identifiable and separable and is owned by the Mozambican company acquired during the period.

Amortisation will be charged on a straight line basis of 10 years.

Inventory

Inventory is valued at the lower of cost and net realisable value. The cost of inventories is based on the cost of consumables and cost of production. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment ('PPE') is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all PPE 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:

- Land & buildings – 10 years
- Plant & equipment – 4/5 years
- Mine - depreciated over the life of the mine currently assessed at eight years
- Assets under construction – not depreciated and will be transferred to the appropriate category of PPE and depreciated when fully ready to use.

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.

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.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, investments in shares, borrowings, other financial liabilities and trade and other payables.

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 or as available-for-sale investments. 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.

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any other category of financial asset. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available-for-sale investments are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are recognised in equity. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains or losses from available-for-sale investments.

Available-for-sale investments are assessed for indicators of impairment at the end of each reporting period. They are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

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.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Convertible loan notes and derivative financial instruments

The presentation and measurement of loan notes for accounting purposes is governed by IAS 32 and IAS 39. These standards require the loan notes to be separated into two components:

- A derivative liability, and
- A debt host liability.

This is because the loan notes are convertible into an unknown number of shares, therefore failing the 'fixed-for-fixed' criterion under IAS 32. This requires the 'underlying option component' of the loan note to be valued first (as an embedded derivative), with the residual of the face value being allocated to the debt host liability (refer financial liabilities policy above).

Valuation method

The fair value of the derivative liability is determined in accordance with IFRS 13 using an appropriate valuation methodology.

Valuation of the embedded derivative

The embedded derivative represents the additional value of the conversion features on the note. The value depends on the probability of the conversion triggers being triggered and the expected payoff under that scenario.

The valuation of the embedded derivative requires the estimation of the probability of default and the probability of the conversion triggers being triggered at each date where the company is contracted to redeem the notes. The value of the embedded derivative is the discounted probability weighted payoff under the different conversion trigger scenarios.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or on-going production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate) are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy above.

Equity

Equity comprises the following:

- Issued 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.
- Merger reserve represents the difference between the nominal value of shares issued by the Company to the shareholders of ZimDiv Holdings Limited and the nominal value of the ZimDiv shares taken in exchange.
- Foreign exchange reserve represents the differences arising from translation of investments in overseas subsidiaries.
- Share-based payment reserve represents equity-settled share-based payments until such share options are exercised and the fair value of warrants issued.
- Retained earnings represent retained profits less retained losses.
- Non-controlling interests represents the share of retained profits less retained losses of the non-controlling interests.

Share based payment transactions

The Group operates an equity-settled share option plan and issues warrants from time to time either with direct subscriptions in equity or as finance related packages. The fair value of the service received in exchange for the grant of options or issue of warrants is recognised as an expense or recognised as a deduction from equity or an addition to intangible assets depending on the nature of the services received. The fair value of warrants issued as part of a finance related package is charged as finance costs in the profit or loss.

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 payments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 warrants issued as part of the loan note agreements are also subject to certain reset provisions. The terms of the warrant agreements allow for an adjustment to the exercise price or the quantum of warrants issued depending on a number of circumstances. The fair value of the warrants under any re-pricing event is also valued by use of the Black Scholes model at their current and new price. The difference in fair value is charged to profit or loss as and when a re-pricing event occurs.

Operating 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.

Finance leases

Leases where the lessee acquires the economic benefits of the use of the leased asset for the major part of its economic life in return for entering into an obligation to pay for that right are classified as finance leases. At commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower the present value of the minimum lease payments, determined at the inception of the lease. The discount rate is the interest rate implicit in the lease. Initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating segments

Segmental information is provided 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.

4. Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, the Directors are required to make judgements, 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 within the next financial year and key judgements 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 carrying amount of exploration and evaluation assets at 31 December 2016 was US$5,436,000 (2015: US$3,192,000). No impairment charge was recognised in 2016 because the directors' judgement is that there is no indication of impairment (2015: US$844,000 impairment recognised in respect of the Katete and Tinde licenses).

Recoverability of mine assets

Determining whether a mine asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IAS36 Impairment of Assets. 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.
During 2016 the operating losses at RHA were higher than predicted due to operations in the open pit failing to deliver ore at the anticipated grade, suspension of operations during April and May 2016 and September to December 2016 to permit hoist rehabilitation and reinstallation and upgrade of the underground shaft. The operating losses were an indicator of potential impairment and management completed an impairment review.

Key assumptions used in generating the discounted cash flow analysis included: 11,500 mtu concentrate production per month; 8 year mine plan; APT price of US$220 per metric ton unit ('mtu'); 26% discount rate; and a zero growth rate in operating cash flow after the plant is fully operational, forecast to be for the full year 2018. Other key factors include attainment of forecast grade as set out in our resource statement and plant operating parameters being achieved. The XRT sorter installation is a significant element in increasing confidence in RHA in that 70% of the anticipated run of mine feed target of 40,000 ton per month is passed through the sorter, which is able to recover approximately 95% of the mineralisation in a mass pull of some 5%. This is expected to significantly reduce operating costs per mtu of concentrate and provide a much higher overall mining rate once grade, recoveries and plant throughput meet expectations. There is no certainty that these assumptions will be achieved.

Sensitivity analysis was conducted on the volume, grade, concentrate production per month and APT price assumptions in the model.

A 10% reduction in the volumes mined from 40,000 tons per month assumed in the model to approximately 36,000 tons per month would not incur an impairment charge if all other assumptions were met.

A 10% decrease in the grade from those assumed in the model (5.5kg per ton for underground and 2.2kg per ton for open pit) would not incur an impairment charge if all other assumptions were met.

A decrease in concentrate production per month from the 11,500 mtu included in the model to 10,000 mtu would not incur an impairment charge if all other assumptions were met. A 10% reduction in the APT price from $220/mtu as included in the model US$200/mtu would not incur an impairment charge if all other assumptions were met. The model currently uses an APT price of US$220/mtu and current prices are US$214-223/mtu.

The model assumes annual revenues of US$19.5m from 2018. Revenue generation is dependent on a number of inter-linked assumptions and a combination of changes in those assumptions that reduced annual revenue to less than approximately US$14.0m per annum from 2018 would result in an impairment charge.

The carrying amount of mine assets at 31 December 2016 was US$9,412,000 (2015: US$9,918,000). The mine assets relate to the RHA Tungsten Mine in Zimbabwe. The assessment indicates that no impairment charge was needed for 2016.

Estimation of useful life for mine assets

Mine assets are depreciated/amortised on a straight-line basis over the life of the mine concerned. Judgement is applied in assessing the mine's useful life and in the case of RHA Tungsten, the Group's only operating concern, is based on the initial Preliminary Economic Assessment ('PEA') first published in August 2013 that initially modelled an 8 year life of mine.

Basis of consolidation

RHA Tungsten (Private) Limited

During 2013, 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 has secured the funding to advance RHA to production.
- There has been no operational change since the agreements were signed and Premier continues to fund RHA until it becomes cash generative.

At the financial year-end, two directors of RHA were from the Premier Group and two from NIEEF. A fifth board appointee has not yet been made. There is no majority vote at board level and Premier still retains operational and management control through its shareholders' agreement. 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 consolidated financial statements.

TCT Industrias Florestais Limitada

During 2016, Premier concluded the public deeds for the assignment of quotas to acquire a 26% interest in TCT IF from Transport Commodity Trading Mozambique Limitada ("TCTM") and a further 26% interest from GAPI Sociedade de Investimentos S.A. ("GAPI"), in aggregate amounting to 52% for a total consideration of US$2.1 million. Despite not holding legal title to the quotas, the directors have concluded that Premier has control of TCT by virtue of irrevocable power of attorney to permit Premier to participate and vote in all General Assembly meetings on behalf of both parties.

At the financial year-end, one director of TCT was from the Premier Group and two directors from TCT. There is no majority vote at board level and Premier still retains operational and management control. Premier has further been appointed as the manager of TCT.

Following the assessment, the Directors concluded that Premier should consolidate 100% of TCT and recognise non-controlling interests in the consolidated financial statements.

Valuations

- Valuation of inventory – judgement was applied in calculating the initial carrying value of inventory and judgement continues to be applied in assessing the net realisable value. See accounting policy regarding inventories.
- Available-for-sale investment – Premier's investment in Circum Minerals Limited ('Circum') is classified as an available-for-sale investment and as such is required to be measured at fair value at the reporting date. As Circum is unlisted there are no quoted market prices. In previous years the fair value of the Circum shares was derived using the most recent placing price. In the absence of placings during 2016, the directors have sought to update the latest placing price of US$2 per share in August 2015 with reference to share price movements of comparable listed companies and have concluded that there is no change in fair value as at 31 December 2016.
- Valuation of warrants, share options and ordinary shares issued as consideration – judgement is applied in determining appropriate assumptions to be used in calculating the fair value of the warrants, shares and share options issued. Refer accounting policy note and note 29.
- Valuation of the embedded derivative in the convertible loan notes – judgement is applied in determining appropriate assumptions to be used in calculating the fair value of derivatives associated with the convertible loan notes. Refer accounting policy note and note 31.

Identification and valuation of intangible assets acquired in a business combination

Judgement has been applied in the identification and valuation of the forestry, lodge and limestone assets acquired in the acquisition of TCT – refer to note 13 for details of the assumptions and estimates made. Fair values have been determined on a provisional basis because management have not yet completed the fair value exercise. Any subsequent change in identification and valuation of these assets during the measurement period will impact the fair value of intangible assets and also goodwill, deferred tax and non-controlling interests arising in respect of the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern

Judgement is applied in assessing the likelihood and timing of future cash flows associated with the Group's activities. Judgement is also applied in assessing the likelihood of receiving future funding.

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 continued to move from a development and exploration company into operations during the year under review.

During the year, the Group raised US$5.528 million in net funding through share and warrant subscriptions to fund further investment in the RHA Tungsten Mine to improve production, exploration at Zulu, to acquire a minor stake in the unlisted Casa Mining and to fund working capital.

Immediately subsequent to the year-end, the Group raised a further US$615,000 (£550,000) through the further issue of Loan Notes. In January 2017, the Group raised a further US$1.277 million (£1.020 million) through a direct subscription for new shares, whilst in March 2017; the Group raised further gross proceeds of US$2.512 million (£2.0 million) through an underwritten offer through PrimaryBid.com. There remains an active and very liquid market for the Group's shares.

The Directors have prepared cash flow forecasts for the period ended 31 December 2018, taking into account forecast operating cash flow and capital expenditure requirements for its RHA Tungsten mine, operating cash flows at TCT, available working capital and forecast expenditure for the rest of the Group including overheads and other development costs. The forecasts include additional funding requirements which the directors believe will be met.

In the event that RHA fails to meet revenue predictions from the end of Q3, and any other relevant risk factor discussed in regard to RHA arises, the Group will need to obtain additional debt finance or equity to fund its operations and other project development activities for the period to 31 December 2018. The cash flow forecast is as much dependent on production targets being met at RHA, as the price of APT remaining stable during the period to 31 December 2018.

The Board believes it has a valuable asset in the Zulu Lithium and Tantalum exploration project and is considering a number of approaches that have been made that may result in a sale of all or part of this asset and a resultant liquidity event.

The Board also believes that it has a valuable asset in the Circum shares whose estimated fair value at 31 December 2016 remained at US$4 million.

After careful consideration of those matters set out above, the Directors are of the opinion that the Group will be able to obtain adequate resources to enable it to undertake its planned activities for the period to 31 December 2018 from production and from additional fund raising and have prepared the consolidated financial statements on the going concern basis. Nevertheless due to the uncertainties inherent in meeting its revenue predictions and obtaining additional fund raising there can be no certainty in these respects. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

6. Segmental reporting

Segmental information is presented in respect of the information reported to the Directors.

For the purposes of the current financial year, segmental information has been changed to separately report the revenue generating segments of RHA Tungsten (Private) Limited that operates the RHA Tungsten Mine and TCT IF.

The RHA Tungsten Mine segment derives income primarily from the production and sale of wolframite concentrate whilst the TCT segment includes a forestry concession and an exploration asset. All other segments are primarily focused on exploration and on administrative and financing segments.

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

By operating segment

2016	Unallocated Corporate $ 000	RHA Tungsten Mine* Zimbabwe $ 000	Exploration Zimbabwe $000	TCT IF** Mozambique $000	Total $ 000
Result					
Revenue [(1)]	-	135	-	57	192
Impairment of exploration and evaluation assets	-	-	-	-	-
Operating loss	(2,274)	(2,499)	(149)	9	(4,912)
Loss before taxation	(2,328)	(3,214)	-	9	(5,632)
Assets					
Exploration and evaluation assets	-	-	3,468	1,968	5,436
Other intangible assets				1,022	1,022
Goodwill	-	-	-	1,034	1,034
Investments	4,250	-	-	-	4,250
Property, plant and equipment	-	9, 412	-	173	9,585
Inventories	-	221	-	114	335
Trade and other receivables	216	241	-	7	464
Cash	352	38	1	7	399
Total assets	4,818	9,912	3,469	4,327	22,526
Liabilities					
Other financial liabilities	2,127	179	-	-	2,306
Borrowings	566	-	-	-	566
Bank overdraft	-	155	-	-	155
Trade and other payables	1,037	2,165	8	214	3,424
Deferred tax	-	-	-	983	983
Loan notes	1,874	-	-	-	1,874
Total liabilities	5,604	2,499	8	1,197	9,308
Net assets	**(786)**	**7,414**	**3,462**	**3,130**	**13,216**
Other information					
Depreciation	-	(1,566)	-	(18)	(1,584)
Exploration and evaluation additions	-	-	276	1,968	2,244
Other intangible asset additions	-	-	-	1,022	1,022
Property, plant and equipment additions	-	(1,070)	-	8	1,078
Property, plant and equipment additions - TCT	-	-	-	173	173

* *Represents 100% of the results and financial position of RHA Tungsten (Private) Limited ("RHA") whereas the Group owns 49%. Non-controlling interests are disclosed in note 33.*

** *Represents 100% of the results and financial position of TCT Industrias Florestais Limitada ("TCT IF") whereas the Group controls 52%. Non-controlling interests are disclosed in note 33.*

(1) *RHA Revenue is generated from sales to one customer, in line with RHA's off-take agreement, whilst TCT Revenue is generated from the sale of forestry products and the provision of hospitality services.*

6. Segmental reporting *continued*

By operating segment **2015**	Unallocated Corporate $ 000	RHA Tungsten Mine, Zimbabwe* $ 000	Exploration Zimbabwe $000	Total $ 000
Result				
Revenue [1]	-	103	-	103
Impairment of exploration and evaluation assets	-	-	(844)	(844)
Operating loss	(2,356)	(2,910)	(877)	(6,143)
Loss before taxation	(4,018)	(2,967)	(877)	(7,862)
Assets				
Exploration and evaluation assets	-	-	3,192	3,192
Investment	4,000	-	-	4,000
Property, plant and equipment	-	9,918	-	9,918
Inventories	-	183	-	183
Financial assets	328	353	-	681
Cash	44	-	1	45
Total assets	4,372	10,454	3,193	18,019
Liabilities				
Bank overdraft	-	62	-	62
Segment liabilities	584	3,164	36	3,784
Other financial liabilities		190	-	190
Borrowings	505	303	-	808
Loan notes	1,230	-	-	1,230
Derivative financial liability	194	-	-	194
Total liabilities	2,513	3,719	36	6,268
Net assets	**1,859**	**6,735**	**3,157**	**11,751**
Other information				
Depreciation	-	(714)	-	(714)
Exploration and evaluation additions	-	885	-	885
Property, plant and equipment additions	-	5,937	-	5,937

* *Represents 100% of the results and financial position of RHA Tungsten (Private) Limited whereas the Group owns 49%. Non-controlling interests are disclosed in note 33.*

(1) *Revenue is generated from sales to one customer, in line with RHA's off-take agreement.*

7. Cost of sales

	2016 $ 000	2015 $ 000
Mining contractor	378	868
Staff costs	239	319
Consumables	87	203
Equipment hire and maintenance	100	130
Mining services	8	60
Plant services	9	46
Selling costs	37	51
E&E development costs	11	-
Inventory adjustment	(219)	(121)
	650	1,556

Cost of sales comprises production costs in both RHA Tungsten (Pvt) Limited and TCT Industrias Florestais Limitada.

8. Administrative expenses

	2016 $ 000	2015 $ 000
Staff costs	462	655
Consulting and advisory fees	726	804
Directors' fees	59	145
Audit, accounting and legal fees	550	433
Marketing and public relations	99	107
Travel	273	265
Security costs	58	40
Vehicle operating costs	26	31
Insurance	61	40
Office and administration	290	264
Foreign exchange losses	61	16
Exploration costs expensed	-	24
Share based payment (notes 28 and 29)	204	308
	2,869	3,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Directors' remuneration

Directors' remuneration		300	487

2016	Directors' Fees $000	Consultancy Fees $ 000	Total $ 000
Executive Directors			
George Roach	-	180	180
Pamela Hueston (*)	-	85	85
Non-Executive Directors			
John (Ian) Stalker	20	-	20
Michael Foster	15	-	15
	35	**265**	**300**

2015	Directors' Fees $000	Consultancy Fees $ 000	Total $ 000
Executive Directors			
George Roach	-	180	180
Pamela Hueston	5	180	185
Non-Executive Directors			
John (Ian) Stalker	75	-	75
Neil Herbert	21	-	21
Michael Foster (*)	26	-	26
	127	**360**	**487**

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

The Directors' fees disclosed in note 8 herein include US$23,750 (31 December 2015: US$15,000) being the fees paid to Directors of RHA Tungsten (Pvt) Limited, who are not directors of the parent company.

The 2016 Directors fees noted above remain unpaid at the financial year-end.

No pension benefits are provided for any Directors.

10. Finance costs

	2016 $ 000	2015 $ 000
Interest charged by suppliers	138	57
Interest on borrowings	81	35
Derivative financial liability transaction costs	423	1,567
Unwinding of discount on provisions	74	35
Interest on finance lease	5	25
	721	1,719

11. Taxation

Taxation charge for the year	-	-

There is no taxation charge in the year ended 31 December 2016 (31 December 2015: 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.

There are no recognised tax assets in respect of accumulated losses in West Africa or Zimbabwe. 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.

Deferred tax

	2016 $ 000	2015 $ 000
Deferred tax TCT	983	-
	983	-

12. Earnings (Loss) per share

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

	2016	2015
Net loss attributable to owners of the parent (US$000)	(3,405)	(5,992)
Weighted average number of Ordinary Shares in calculating basic earnings per share ('000)	1,798,808	655,650
Basic income (loss) per share (US cents)	(0.2c)	(0.1c)
Diluted income (loss) per share (US cents)	(0.2c)	(0.1c)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Intangible assets excluding goodwill

	2016 $ 000	2015 $ 000
Exploration and evaluations assets	5,436	3,192
Other intangible assets	1,022	-
	6,458	3,192

	Exploration & Evaluation assets $000	Other intangible assets $000	Total $ 000
Opening carrying value 2015	6,806		6,806
Expenditure on exploration and evaluation	885	-	855
Transferred to property, plant and equipment **	(3,655)	-	(3,655)
Impairment *	(844)	-	(844)
Opening carrying value 2016	3,192	-	3,192
Expenditure on exploration and evaluation	276	-	276
Acquisition - limestone license	1,968	-	1,968
Acquisition - forestry concession	-	1,022	1,021
Closing carrying value 2016	**5,436**	**1,022**	**6,458**

Exploration costs not specifically related to a licence or project or on speculative properties are expensed directly to profit or loss in the year incurred. During the year US$ Nil (31 December 2015: US$24,000) exploration costs were expensed.

Exploration and evaluation assets at 31 December 2016 relate to the Zulu Lithium and Tantalite Project located in Zimbabwe and the provisional valuation of the limestone licence in Mozambique (2015: Zulu Lithium and Tantalite Project only).

During the year US$276,000 (2015: US$ Nil) was capitalised to the Zulu Lithium and Tantalite Project. In the prior year US$885,000 capitalised to Katete and Tinde was impaired. Exploration work conducted during the year indicated that both lithium and tantalum recovery may be a viable option. The Group views this project as strategic and exploration work will be continued in the future, cash flow permitting.

The group acquired a limestone licence as part of the TCT acquisition. The value of this asset has been estimated on a provisional basis because management are assessing the geological potential of the license and determining an appropriate valuation method.

During the year within the TCT acquisition, a forestry concession was acquired, which has been provisionally valued at US$1,022,000 (2015: US$ Nil) and is further described in note 14 herein.

* *In the prior year capitalised costs relating to the Katete (US$717,000) and Tinde (US$127,000) assets located in Zimbabwe were impaired. The Tinde Project holds 9 mineral block claims mainly prospective for fluorspar. The Company plans to retain the claims however there are no immediate or future plans for development whilst the Group focuses its attention on other more prospective projects. The Katete Project holds 25 mineral block claims mainly prospective for rare earth elements. The Group has maintained the four key blocks of claims in the expansive area. The Board of Directors may decide at some future date to explore the properties however as at this time there is no formal exploration plan in place or funding allocated for future development.*

** *In the prior year, on the date of commercial viability and technical feasibility the carrying amount of exploration and evaluation assets related to the RHA Tungsten Project was transferred to Property, Plant and Equipment.*

14. Business combination and goodwill

Acquisition

In October 2016 the company completed the acquisition of a 52% interest in Mozambique based TCT Industrias Florestais Limitada. TCT owns a substantial limestone deposit located on rail in the Sofala Province of Mozambique and is the holder of the exploration licence together with significant forestry operations.

In accordance with our stated strategy, Premier's business objective is to find, invest and acquire interests in low capex potentially near-term production assets. The TCT limestone project provides this opportunity in a region that the company currently operates and TCT's limestone and timber interests complement the company's current portfolio of natural resource interests.

In accordance with IFRS 3 Business Combinations, all acquired assets and liabilities were recognised at their fair values or provisional fair values on the date of acquisition, with the residual excess of the fair value of the consideration over net assets being recognised as goodwill.

The following table summarises the consideration and fair and provisional fair values of assets acquired and liabilities assumed at the date of acquisition:

	$ 000
Property, plant and equipment *	188
Intangible assets - limestone exploration license **	1,968
Intangible assets - forestry concession ***	1,022
Inventories *	72
Trade receivables and prepayments *	35
Cash and cash equivalents *	25
Trade and other payables *	(225)
Deferred tax liabilities ****	(983)
Fair value of net assets acquired	2,101
Non-controlling interest	(1,008)
Goodwill	1,034
Acquisition cost	**2,127**

* *These assets and liabilities are carried at their fair value*

** *The value of this asset has been estimated on a provisional basis because management are assessing the geological potential of the license and determining an appropriate valuation method*

*** *The value of this asset has been estimated on a provisional basis because management have not yet completed the fair value exercise*

**** *The deferred tax liability has been calculated based on the applicable tax rate applied to the intangible assets valuation*

The acquisition cost will be satisfied by either cash or shares, which will be determined by the seller's request (see note 21.2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Business combination and goodwill *continued*

Net cash outflow arising on acquisition:

	$ 000
Cash consideration paid (less cash retention)	-
Acquisition related costs	(25)
Cash and cash equivalents within the TCT business on acquisition	25
Total net cash outflow on acquisition	**-**

Other costs relating to the acquisition have not been included in the consideration cost. Directly attributable acquisition costs include external legal and accounting costs incurred in compiling the acquisition legal contracts and the performance of due diligence activity amounted to US$25,000. These costs were converted to equity as per note 25. TCT has a 31 December calendar year end. In the period between acquisition and 31 December 2016, TCT contributed revenue of US$57,000 and net loss before taxation of US$13,000.

15. Investments

	2016 $ 000	2015 $ 000
Opening carrying value	4,000	2,500
Fair value of shares on acquisition	250	-
Fair value adjustment	-	1,500
Closing carrying value	4,250	4,000

Reconciliation of movement in investments

	2016 $ 000	2015 $ 000
Investment in Circum Minerals Limited *	1,400	1,400
Fair value adjustment **	1,100	1,100
Fair value adjustment ***	1,500	1,500
Investment in Casa Mining Limited ****	250	-
Closing carrying value	4,250	4,000

The shares are considered to be level 3 financial assets under the IFRS 13 categorisation of fair value measurements.

* *Represents 2 million shares in unlisted entity Circum Minerals Limited ('Circum').*

** *As Circum is unlisted there are no quoted market prices. Fair value of the shares was therefore estimated using the price at which warrants in Circum shares were exercised by a third party in February 2015 at US$1.25 per share.*

*** *Fair value of the shares was adjusted to the most recent placing price of US$2 per share during August 2015.*

**** *Represents a 4.5% interest in Casa Mining Limited acquired in October 2016. Due to the recent purchase date, no change in fair value has been recognised*

The fair value of these available-for-sale investments at 31 December 2016 amounted to US$4,250,000 (31 December 2015: US$4,000,000). The Directors consider that the carrying amount of investments approximates their fair value.

Subsequent to the yearend Circum Minerals Limited announced a 4.9 billion ton potash resource with seismic data suggesting further potential total resources. Annual low cost, low risk solution mining, scalable production plan, mine gate cash costs projected to be amongst the lowest in the world and the potential for the lowest capital intensity production indicate that potash recovery may be a viable option.

16. Property, plant and equipment

	Mine $000	Assets under construction $000	Plant & equipment $000	Land & buildings $000	Total $000
Cost					
At 1 January 2015	284	688	165	30	1,167
Additions	3,001	-	2,165	771	5,937
Transfers	3,615	(688)	728	-	3,655
At 31 December 2015	6,900	-	3,058	801	10,759
Additions	842	-	228	8	1,078
Acquisition of TCT	-	-	169	4	173
At 31 December 2016	**7,742**	**-**	**3,455**	**813**	**12,010**
Depreciation					
At 1 January 2015	-	-	119	8	127
Charge for the year	431	-	242	41	714
At 31 December 2015	431	-	361	49	841
Charge for the year	1,161	-	343	80	1,584
At 31 December 2016	**1,592**	**-**	**704**	**129**	**2,425**
Net Book Value					
At 31 December 2016	**6,150**	**-**	**2,751**	**685**	**9,585**
At 31 December 2015	6,469	-	2,697	752	9,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Subsidiaries

Premier had investments in the following subsidiary undertakings as at 31 December 2016, 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
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*	Development
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
TCT Industrias Florestais Limitada	Mozambique	52**	Forestry and Exploration

* *Accounted as a controlled subsidiary, refer note 4 significant accounting judgements, estimates and assumptions – Basis of consolidation.*

** *Accounted for as a subsidiary, refer note 3 Basis of consolidation and note 21.2 explaining power of attorney and right to appoint director.*

18. Inventories

	2016 $ 000	2015 $ 000
Wolframite concentrate and ore work-in-process	119	120
Mine consumables	102	63
Forestry raw material	20	-
Forestry work-in-progress	74	-
Forestry finished goods	20	-
	335	183

19. Trade and other receivables

	2016 $ 000	2015 $ 000
VAT input tax receivable	199	303
Other receivables	213	284
Prepayments	52	94
	464	681
Current	268	426
Non-current	196	255
	464	681

Other receivables at 31 December 2016 include US$196,000 (31 December 2015: US$255,000) receivable from AgriMinco Corp ('AgriMinco'). The AgriMinco receivable is due on settlement of the Agriminco loan (refer note 22). The Directors consider that the carrying amount of other receivables and prepayments approximates their fair value.

In note 34.5 Events after the balance sheet date a settlement agreement has been reached with regard to this receivable and the loan payable.

20. Trade and other payables

	2016 $ 000	2015 $ 000
Trade payables *	937	1,270
Accruals **	1,443	1,618
Payroll liabilities	235	161
	2,615	3,049

All trade and other payables at 31 December 2016 are due within one year, non-interest bearing, and comprise amounts outstanding for mine purchases and on-going costs, except as described further below. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

* *Trade payables include an amount owing to Senet (Pty) Ltd. ("Senet"), for EPCM services relating to the construction of the infrastructure supporting the RHA Tungsten processing plant. The Company signed an Acknowledgment of Debt and Agreement to Pay on 16 April 2015 on behalf of RHA Tungsten (Private) Limited ("RHA") for all amounts due. All invoices are due within 30 days, after which interest will accrue at an annual interest rate of 25%, compounded daily, with all amounts due by 31 August 2015. On 26 October 2015, the Company agreed an extension of the payment terms with monthly repayments beginning 1 October 2015 and ending 30 April 2016. Senet agreed a reduction in the interest rate charged from the period 1 October 2015 until final settlement at the South African prime lending rate. As at 31 December 2015, the amount owing to Senet is US$160,586, including accrued interest.*

The full debt to Senet plus interest was settled during the current year.

** *In the prior year, amounts owing to JR Goddard Contracting (Pvt) Ltd ("JRG"), the open pit mining contractor for RHA, were co-guaranteed by the Company and attracted interest at a rate of 12% per annum, compounded monthly. The Company entered into an agreement with JRG in September 2015 that JRG would receive no less than US$50,000 per month in settlement of outstanding liabilities. At 31 December 2015, the amount owing to JRG was US$533,032 including accrued interest.*

On 10 March 2016, the contact with JRG was terminated and the Company entered into a Memorandum of Agreement to settle all outstanding amounts under the contract which was entered into on 9 March 2015. The parties agreed to terminate the open pit contract from 10 March 2016. Amounts owing to JRG as at 11 March 2016 amount to US$851,312 including a US$247,000 termination benefit and interest but excluding VAT of 15% with first payment deferred to 1 May 2016. Interest is charged at 12% per annum, compounded monthly. Repayments are agreed at US$54,626 per month for a period of 20 months. At the year-end US$655,512 (31 December 2015: US$533,032) was outstanding in terms of this Memorandum of Agreement.

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21. Other financial liabilities

21.1 Finance lease

During 2015, the Company entered into a finance lease with Board Market Trading 258 (Pty) Ltd for the purchase of two generators with net book value of US$148,779 (31 December 2015: US$181,336) to be used at the RHA Tungsten Mine. The finance lease is for a term of 48 months with interest charged at 19.5% per annum with monthly repayment of US$5,960 beginning from 1 August 2016. Depreciation charged on the assets financed by leases during the year was US$19,457 (31 December 2015: US$19,457).

The agreement is classified as a finance lease as the rental period amounts to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.
Future lease payments are due as follows:

2016	Minimum lease payments $000	Interest $000	Present value $000
Not later than one year	50	11	61
Between one year and five years	130	29	159
Later than five years	-	-	-
	180	40	219

2015	Minimum lease payments $000	Interest $000	Present value $000
Not later than one year	10	25	35
Between one year and five years	180	40	220
Later than five years	-	-	-
	190	65	255

21.2 Acquisition of TCT Industrias Florestais Limitada

	2016 $ 000	2015 $ 000
Purchase price of 52% interest (see note 14)	2,127	-
Current	1,320	-
Non-current	807	-
	2,127	-

On 31 October 2016 the Company announced it had concluded the public deeds for the assignment of quotas to acquire a 26% interest in TCT IF from Transport Commodity Trading Mozambique Limitada ("TCTM") and a further 26% interest from GAPI Sociedade de Investimentos S.A. ("GAPI"), in aggregate amounting to 52% for a total consideration of US$2.1 million.

Pursuant to the agreement with TCTM as announced on 27 April 2016, and announced as completed in October 2016, the Group obtained control over TCTM's 26% interest in TCT IF (the "TCT Agreement") for a consideration of US$1.1 million, payable in four tranches in either new Premier Ordinary Shares or cash at the election of TCTM.

- The amended payment tranches are as follows: the first tranche now amounts to US$220,000 and is payable within five working days to TCTM following pending approval by the Mozambican authorities;
- The second tranche amounts to US$440,000 and is payable within 60 days following the first tranche;
- The third tranche amounts to US$220,000 and is payable within 90 days following the first tranche;
- The final tranche amounts to US$220,000 and is payable within 120 days following the first tranche.

Pursuant to the agreement with GAPI, the Group obtained GAPI's 26% interest (the "GAPI Agreement") for a consideration of US$1.0 million, payable in five tranches in either new Premier Ordinary Shares or cash at the election of GAPI.

- The first tranche amounts to US$220,000 and is payable within five working days to GAPI following pending approval by the Mozambican authorities;
- The second tranche amounts to US$195,000 and is payable within 13 months following the first tranche;
- The third tranche amounts to US$195,000 and is payable within 21 months following the first tranche;
- The fourth tranche amounting to US$195,000 is payable within 29 months following the first tranche;
- The final tranche amounting to US$195,000 is payable within 36 months following the first tranche.

The Original Public Deed Certificates ("Certificates") for both the TCTM Agreement and the GAPI Agreement shall remain in the care of Premier's elected solicitors, until written confirmation is received from either GAPI or TCTM confirming that the final instalment of the purchase price has been received, thereafter, the Certificates will be released to Premier whereby final procedural registration of the assignment of quotas as well as the publication of the amendment of the articles of association of the TCT IF shall be enacted.

Furthermore, the Parties have acknowledged and agreed that during the period, Premier shall have an irrevocable power of attorney to permit Premier to participate and vote in all General Assembly meetings on behalf of both parties. Premier shall also be allowed to appoint a representative to the TCT IF's Board of Directors. The company has elected George Roach to TCT IF's Board of Directors. Premier has further been appointed as the manager of TCT IF.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Borrowings

	2016 $ 000	2015 $ 000
As at 1 January	808	767
Loans received (1) (2) (3)	-	800
Loans repaid through conversion to equity (1)	(247)	-
Loans capitalised as equity (4)	-	(794)
Accrued interest	5	35
As at 31 December	566	808
Current	566	549
Non-current	-	259
	566	808

Borrowings comprise loans from a related party and a non-related party. Loans from a related party are further disclosed in Note 32, Related Party Transactions.

(1) On 9 April 2015, the CEO and Chairman George Roach provided a US$250,000 bridge loan facility and agreed the repayment and conversion terms of the loan outstanding at 31 December 2014. Together the loans with any accrued interest will become repayable by the Company as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%. George Roach may elect to convert all or part of the loans into new ordinary shares in the Company at a conversion price that is the lesser of the volume-weighted average price of the ordinary shares for the five trading days immediately prior to the date of conversion or the closing price of the ordinary shares on the date of the loans.

On 29 January 2016, the Company issued 47,479,109 shares at an issue price of 0.364p per share for a total value of £172,824 (US$247,000) to George Roach for conversion of this loan refer note 25 (27).

(2) On 27 April 2015, AgriMinco Corp ("AgriMinco") provided a US$250,000 loan facility. The loan with any accrued interest will become repayable by the Company in 24 months or earlier with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of 5% per annum. AgriMinco may elect to convert all or part of the loan into new units when the loan facility becomes payable. One unit comprises one new ordinary share and one new warrant. The conversion price will be the lesser of the fifteen day volume-weighted average price of the ordinary shares for the two business days immediately prior to the maturity date and the date of a repayment notice, if any. Each new warrant would entitle the unit holder to subscribe for one new ordinary share at an exercise price equivalent to a 20% premium to the conversion price for a period of two years.

(3) On 15 September 2015, the CEO and Chairman George Roach provided a US$300,000 loan direct to RHA Tungsten (Pty) Limited ('RHA'). The loan with any accrued interest will become repayable by RHA as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%.

(4) On 4 December 2015 George Roach converted US$650,000 of his loans to Premier into new ordinary shares and on 11 December 2015 Mr Roach converted a further US$144,119 of his loans into new ordinary shares (refer note 25).

23. Provisions

	2016 $ 000	2015 $ 000
Rehabilitation provision As at 1 January	735	700
Unwinding of discount	74	35
As at 31 December	809	735

A provision is recognised for site restoration and decommissioning of current mining activities based on current environmental and regulatory requirements. The net present value of the provision at a discount rate of 10% over an 8 year life of mine amounts to US$809,000 (31 December 2015: US$735,000) and has been capitalised as an addition to mine costs and depreciated in PPE as explained in the accounting policy note.

24. Loan notes and derivative financial liabilities

	2016 $ 000	2015 $ 000
Convertible loan notes		
As at 1 January	1,230	-
Loans notes issued	2,920	4,005
Loan notes converted (note 25)	(1,523)	(2,495)
Premium on notes converted	-	35
Foreign exchange	(39)	10
Deferred finance costs	(714)	(324)
As at 31 December	1,874	1,230

	2016 $ 000	2015 $ 000
Derivative financial instruments		
Derivative financial liability on issue of loan notes	194	1,151
Loan notes issued	-	-
Loan notes converted (note 25)	(199)	(968)
Premium on notes converted	-	5
Foreign exchange	(5)	6
As at 31 December	-	194

24. Loan notes and derivative financial liabilities *continued*

Loan notes

On 23 August 2016, the Company entered into an agreement with Darwin whereby Darwin could subscribe for a total of £3.5 million in convertible loan notes in which the Company would receive 90% of the par value of the notes. The loan notes were to be issued in three tranches on fulfilment of certain milestones. The notes will redeem 12 months from the subscription date unless repaid or converted. As at the reporting date, only tranches 1 and 2 were drawn down and during the year US$220,000 of these were converted into equity (refer note 25). The gross amount of the loans issued can be converted between 105% and 100% of principal into ordinary shares at 90% of the traded share price when certain conditions are met. This conversion option represents a derivative liability of the company that is separately presented on the statement of financial position and fair valued through profit or loss. The directors have concluded that the value of the conversion option is not material and accordingly there is no value presented above.

During the year under review Darwin converted, in total, US$1,523,000 (31 December 2015: US$2,495,000) into equity.

The loan notes are secured by a put option held by the loan note holder that would require George Roach to purchase the shares held in Circum Minerals Limited at US$2 per share, representing the carrying value of the investment in note 15. This represents a guarantee given by the director and the put option has been valued by a third party at approximately US$1.6m.

For details of the fair value hierarchy, valuation techniques, and significant observable inputs related to determining the fair value derivative financial instruments, which are classified in level 2 hierarchy, refer to note 31.

Warrant liabilities

The Darwin instruments were issued with warrants equal to 30% of the aggregate par value of the loan notes issued on each of the relevant issue dates with the right to purchase one newly issued ordinary share for each warrant. The warrants have an exercise price of 125% of the initial market price and can be issued within three years and 7 days of the issue date. During the year ended 31 December 2016 Darwin were issued with 77,777,778 warrants in respect of issue date one and 44 million in respect of warrants issued on issue date 2.

For details of the fair value hierarchy, valuation techniques, and significant observable inputs related to determining the fair value derivative financial instruments, which are classified in level 2 hierarchy, refer to notes 29 and 31.

25. Share capital

Authorised share capital

4 billion (31 December 2015: 2 billion) ordinary shares of no par value.

Issued share capital

	Number of Shares '000	$ 000
As at 1 January 2015	**503,117**	**16,283**
Shares issued on exercise of share options (1)	12,206	-
Shares issued on conversion of loan notes (2)	20,086	229
Shares issued for employee share award (3)	4,000	50
Shares issued on conversion of loan notes (4)	18,519	384
Shares issued on conversion of loan notes (5)	44,444	914
Shares issued on exercising of warrants (6)	9,000	172
Shares issued on exercising of warrants (7)	35,000	688
Shares issued under subscription agreement (8)	22,500	700
Shares issued on exercise of share options (9)	5,537	-
Shares issued on exercise of share options (10)	7,500	135
Shares issued under subscription agreement (11)	21,000	434
Shares issued under indigenisation agreement (12)	6,596	100
Shares issued on conversion of loan notes (13)	81,572	768
Shares issued on conversion of loan notes (14)	118,536	854
Shares issued under indigenisation agreement (15)	7,017	50
Shares issued on conversion of loan (16)	79,945	650
Shares issued under subscription agreement (17)	30,000	171
Shares issued on conversion of loan (18)	21,088	144
Shares issued on conversion of loan notes (19)	57,586	314
As at 31 December 2015	**1,105,249**	**23,040**
Shares issued on conversion of loan notes (20)	40,000	189
Shares issued on conversion of loan notes (21)	30,303	144
Shares issued under subscription agreement (22)	4,615	17
Shares issued under subscription agreement (23)	7,692	29
Shares issued under subscription agreement (24)	3,000	11
Shares issued under subscription agreement (25)	50,000	190
Shares issued under subscription agreement (26)	54,000	205
Shares issued on conversion of loan (27)	47,479	247
Shares issued on conversion of loan notes (28)	77,954	267
Shares issued on conversion of loan notes (29)	53,976	204
Shares issued on conversion of loan notes (30)	25,703	97
Shares issued on conversion of loan notes (31)	42,818	240
Shares issued on conversion of loan notes (32)	59,898	462
Shares issued on conversion of loan notes (33)	36,860	285
Shares issued under subscription agreement (34)	100,000	696
Shares issued under subscription agreement (35)	146,667	1,584
Shares issued under subscription agreement (36)	93,750	366
Shares issued on conversion of loan notes (37)	79,397	221
Shares issued on conversion for fees (38)	25,763	88
Shares issued on conversion for fees (39)	19,214	75
Shares issued on conversion for fees (40)	7,273	24
As at 31 December 2016	**2,111,611**	**28,680**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Share capital *continued*

(1) On 10 February 2015, the Company issued 12,206,271 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of US$ Nil. The fair value of the share options has been credited to retained earnings.

(2) On 4 March 2015, the Company issued 20,085,699 shares to Darwin Strategic Limited on conversion of £150,000 of loan notes (refer note 23) at an issue price of 0.7468p per share.

(3) On 13 March 2015, the Company issued 4,000,000 shares at nil cost to the Company's Chief Operating Officer in conjunction with an employee share award. The average price of the Company's shares on issue date was 0.85p per share valuing the award at £34,000 (US$50,170).

(4) On 30 April 2015, the Company issued 18,518,518 shares to Darwin Strategic Limited on conversion of £250,000 of loan notes (refer note 23) at an issue price of 1.35p per share.

(5) On 5 June 2015, the Company issued 44,444,444 shares to Darwin Strategic Limited on conversion of £600,000 of loan notes (refer note 23) at an issue price of 1.35p per share.

(6) On 5 June 2015, the Company issued 9,000,000 shares to YAGM on the exercising of warrants at an exercise price of 1.25p per share.

(7) On 24 June 2015, the Company issued 35,000,000 shares to Darwin Strategic Limited on the exercising of warrants at an exercise price of 1.25p per share.

(8) On 9 July 2015, the Company issued 22,500,000 shares under a subscription agreement at a price of 2p per share.

(9) On 10 July 2015, the Company issued 5,536,864 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of US$ Nil. The fair value of the share options has been credited to retained earnings.

(10) On 29 July 2015, the Company issued 7,500,000 shares on exercise of share options under the Group's share option plan. The share options had an exercise price of 1.15p per share.

(11) On 22 September 2015, the Company issued 21,000,000 shares under a subscription agreement at a price of 1.35p per share.

(12) On 2 October 2015, the Company issued 6,596,300 shares to the National Indigenisation Economic and Empowerment Fund ('NIEEF') in settlement of the first tranche payment of US$100,000 on the RHA Tungsten Project reaching commercial production. The shares were issued at a price of 1p per share.

(13) On 23 October 2015, the Company issued 81,572,190 shares to Darwin Strategic Limited on conversion of £500,000 of loan notes (refer note 23) at an issue price of 0.613p per share.

(14) On 30 November 2015, the Company issued 118,535,383 shares to Darwin Strategic Limited on conversion of £567,500 of loan notes (refer note 23) at an issue price of 0.47876p per share.

(15) On 2 December 2015, the Company issued 7,017,447 shares to NIEEF in settlement of the second payment of US$50,000 in respect of the RHA Tungsten Project. The shares were issued at a price of 0.47p per share.

(16) On 4 December 2015, the Company issued 79,945,167 shares at an issue price of 0.538p per share for a total value of £430,105 (US$650,000) to George Roach for conversion of a portion of his loans (refer note 21).

(17) On 10 December 2015, the Company issued 30,000,000 shares under a subscription agreement at a price of 0.375p per share.

(18) On 11 December 2015, the Company issued 21,087,680 shares at an issue price of 0.4505p per share for a total value of £95,000 (US$144,119) to George Roach for conversion of a portion of his loans (refer note 21).

(19) On 16 December 2015, the Company issued 57,586,206 shares to Darwin Strategic Limited on conversion of £208,750 of loan notes (refer note 23) at an issue price of 0.3625p per share.

(20) On 13 January 2016, the Company issued 40,000,000 shares to Darwin Strategic Limited on conversion of £132,000 of loan notes (refer note 23) at an issue price of 0.33p per share.

(21) On 13 January 2016, the Company issued 30,303,030 shares to Darwin Strategic Limited on conversion of £100,000 of loan notes (refer note 23) at an issue price of 0.33p per share.

(22) On 29 January 2016, the Company issued 4,615,386 shares under a subscription agreement at a price of 0.26p per share.

(23) On 29 January 2016, the Company issued 7,692,308 shares under a subscription agreement at a price of 0.26p per share.

(24) On 29 January 2016, the Company issued 3,000,000 shares under a subscription agreement at a price of 0.26p per share.

(25) On 29 January 2016, the Company issued 50,000,000 shares under a subscription agreement at a price of 0.26p per share.

(26) On 29 January 2016, the Company issued 54,000,000 shares under a subscription agreement at a price of 0.26p per share.

(27) *On 29 January 2016, the Company issued 47,479,109 shares at an issue price of 0.364p per share for a total value of £172,824 (US$247,000) to George Roach for conversion of a portion of his loans (refer note 21).*

(28) *On 12 February, the Company issued 77,954,475 shares to Darwin Strategic Limited on conversion of £210,000 of loan notes (refer note 23) at an issue price of 0.269388p per share.*

(29) *On 17 February, the Company issued 53,975,695 shares to Darwin Strategic Limited on conversion of £157,500 of loan notes (refer note 23) at an issue price of 0.291798p per share.*

(30) *On 17 February, the Company issued 25,702,712 shares to Darwin Strategic Limited on conversion of £75,000 of loan notes (refer note 23) at an issue price of 0.291798p per share.*

(31) *On 19 February, the Company issued 42,817,855 shares to Darwin Strategic Limited on conversion of £175,000 of loan notes (refer note 23) at an issue price of 0.408708p per share.*

(32) *On 22 February, the Company issued 59,897,676 shares to Darwin Strategic Limited on conversion of £325,000 of loan notes (refer note 23) at an issue price of 0.542592p per share.*

(33) *On 24 February, the Company issued 36,860,109 shares to Darwin Strategic Limited on conversion of £200,000 of loan notes (refer note 23) at an issue price of 0.542592p per share.*

(34) *On 29 February 2016, the Company issued 100,000,000 shares under a subscription agreement at a price of 0.5p per share.*

(35) *On 26 April 2016, the Company issued 146,666,667 shares under a subscription agreement at a price of 0.75p per share.*

(36) *On 18 October 2016, the Company issued 93,750,000 shares under a subscription agreement at a price of 0.32p per share.*

(37) *On 23 November, the Company issued 79,396,838 shares to Darwin Strategic Limited on conversion of £250,000 of loan notes (refer note 23) at an issue price of 0.314874p per share.*

(38) *On 21 December 2016, the Company issued 25,763,185 shares at an issue price of 0.275p per share for a total value of £70,849 (US$87,684) for conversion of Directors fees.*

(39) *On 21 December 2016, the Company issued 19,213,580 shares at an issue price of 0.3162p per share for a total value of £60,753 (US$75,190) to Afmine for conversion of fees.*

(40) *On 22 December 2016, the Company issued 7,272,727 shares at an issue price of 0.275p per share for a total value of £20,000 (US$24,513) to Sam Levy for conversion of fees.*

Reconciliation to balance as stated in the consolidated statement of financial position

	2016 $ 000	2015 $ 000
As at 1 January	21,469	14,792
Issued share capital	5,640	6,757
Share issue costs	(253)	(80)
As at 31 December	26,856	21,469

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26. Merger reserve

	2016 $ 000	2015 $ 000
Merger reserve *	(176)	(176)

** Relates to the agreement to issue shares to acquire 100% of the shares in ZimDiv Holdings entered into on 4 December 2012.*

27. Foreign exchange reserve

	2016 $ 000	2015 $ 000
As at 1 January 2015	349	299
Change in reserves during the year	(65)	50
As at 31 December 2016	284	349

28. Share based payment reserve and warrant options

	2016 $'000s	2015 $'000s
Share options and warrants outstanding beginning of year	1,079	1,118
Share options granted	78	258
Share options exercised	-	(662)
Warrant options granted	127	797
Warrant options exercised	-	(432)
Share options and warrants outstanding end of year	1,284	1,079

No share options or warrants expired during the year.

29. 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 share issues are provided in note 25 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 has granted the following share options during the years to 31 December 2016:

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	1.11p
Directors	04/12/2012	See 2 below	20,386	2p	03/12/2022	1.85p
Employees and associates	04/12/2012	See 3 below	5,536	Nil	03/12/2022	1.85p
Directors	29/07/2014	See 4 below	6,000	1.15p	28/07/2024	1.15p
Directors	29/07/2014	See 5 below	6,000	1.50p	28/07/2024	1.15p
Management	29/07/2014	See 4 below	6,500	1.15p	28/07/2024	1.15p
Management	29/07/2014	See 5 below	6,500	1.50p	28/07/2024	1.15p
Directors	13/03/2015	See 4 below	2,000	0.9p	12/03/2025	0.67p
Directors	13/03/2015	See 5 below	2,000	1.17p	12/03/2025	0.64p
Management	13/03/2015	See 4 below	3,250	0.9p	12/03/2025	0.67p
Management	13/03/2015	See 5 below	3,250	1.17p	12/03/2025	0.64p
Totals			**84,058**			

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.*
4. *These share options vest on the one-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.*
5. *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.*

29. Share based payments *continued*

No options were granted during the year ended 31 December 2016 (31 December 2015: 10,500,000), however due to the two year vesting period a US$78,000 charge (31 December 2015: US$258,000) was recognised in respect of the above option schemes.

The fair value of the options granted during the year ended 31 December 2016 was US$ Nil (31 December 2015: US$102,000). The assessed fair value of options granted to directors and management 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.

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
04/12/2012	03/12/2022	Nil	2,013	2,013
04/12/2012	03/12/2022	2p	12,458	12,458
29/07/2014	28/07/2024	1.15p	3,000	3,000
29/07/2014	28/07/2024	1.50p	10,500	10,500
13/03/2015	12/03/2025	0.9p	5,250	5,250
13/03/2015	12/03/2025	1.17p	5,250	-
			38,471	**33,221**

A summary of the status of the Group's share options as of 31 December 2016 and changes during the year are as follows:

	2016		2015	
	Shares '000	Weighted Average Exercise Price	Shares '000	Weighted Average Exercise Price
Options outstanding, beginning of year	38,471	1.15p	53,215	1.05p
Granted	-	-	10,500	0.41p
Exercised	-	-	(25,244)	0.34p
Options outstanding, end of year	**38,471**	**1.15p**	**38,471**	**1.15p**

No share options were cancelled and expired during the year.

Warrants

During the year the Company granted 144,777,778 warrants (31 December 2015: 83,684,382) over Ordinary Shares.

Issued to	Date Granted	Number of Warrants Issued '000	Exercise Price	Expiry Date
Advisors	04/12/2012	7,017	4p	03/12/2017
Funders	28/01/2014	9,000	1.25p	27/01/2017
Funders	02/02/2015	40,000	1.25p	09/02/2018
Funders	28/04/2015	16,674	2.96875p	04/05/2018
Subscribers	09/07/2015	1,500	3p	08/07/2018
Funders	15/09/2015	3,559	1.4047p	22/09/2017
Funders	09/10/2015	21,951	1.025p	16/10/2018
Funders	23/08/2016	77,778	0.8437p	29/08/2019
Advisors	20/09/2016	23,000	0.8p	19/09/2019
Funders	19/12/2016	44,000	0.375p	26/12/2019
Totals		**200,479**		

** Warrants issued to funders have been accounted for as warrant liabilities in the consolidated statement of financial position.*

The fair value of the warrants granted to advisors during the year ended 31 December 2016 was US$127,000 (31 December 2015: US$715,000). The fair value of the warrants issued to funders for the year ended 31 December 2016 was US$562,000 and is shown separately on the statement of financial position (31 December 2015: Nil).

The following table lists the inputs into the valuation model for the year to 31 December 2016:

	23 August 2016 issue	20 September 2016 issue	19 December 2016 issue
Dividend yield (%)	-	-	-
Expected volatility (%)	203.0	206.0	214.0
Risk-free interest rate (%)	0.56	1.05	1.40
Share price at grant date	0.475p	0.475p	0.250p
Exercise price	0.8437p	0.375p	0.800p

Re-set provisions

The warrants attached to the Darwin loan notes issued in 2016 contain certain re-set provisions as to exercise price and/or number of warrants issued depending on certain conditions. Any share subscriptions priced at a price lesser than the warrant exercise price will trigger a re-set of the exercise price to the lower share subscription price. This occurred on 19 December 2016. Therefore, the warrants exercise price was re-set for all remaining Darwin warrants issued under the loan notes to a new exercise price of 0.375p being the lowest subscription price on 16 December 2016.

A summary of the status of the Company's share warrants as of 31 December 2016 and changes during the year are as follows:

	2016 '000	2015 '000
Warrants outstanding, beginning of year	55,701	16,017
Granted	144,778	83,684
Expired	-	-
Exercised	-	(44,000)
Warrants outstanding, end of year	**200,479**	**55,701**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Notes to the statement of cash flows

	2016 $ 000	2015 $ 000
Loss before tax	(5,632)	(7,862)
Adjustments for:		
Depreciation and amortization	1,584	714
Impairment of exploration and evaluation assets	-	844
Share of Joint Venture results	-	-
Foreign exchange	-	16
Finance costs	721	1,719
Fees settled in shares	187	-
Share based payments	204	308
Operating cash flows before movements in working capital	(2,936)	(4,261)
Increase in inventories	(152)	(183)
Decrease/(increase) in receivables	217	(409)
(Decrease) / increase in payables	(615)	1,754
Net cash (outflow) from operating activities	**(3,486)**	**(3,099)**

Cash and cash equivalents comprise cash at bank, bank overdrafts 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.

31. Financial instruments

The Group uses financial instruments comprising cash, receivables, available-for-sale assets (investments in Circum and Casa shares), bank overdraft, payables, borrowings, loan notes, and other financial liabilities. Cash balances are held in Sterling, US Dollars and the Euro.

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.

Financial assets and liabilities

2016	Available-for-sale financial assets $ 000	Loans and receivables $ 000	Financial liabilities at amortised cost $ 000	Financial liabilities at fair value through profit or loss $ 000	Total $ 000
Trade and other receivables	-	464	-	-	464
Available-for-sale assets	4,250	-	-	-	4,250
Cash and cash equivalents	-	399	-	-	399
	4,250	863	-	-	5,113
Bank overdraft	-	-	155	-	155
Trade payables	-	-	937	-	937
Accrued liabilities	-	-	1,443	-	1,443
Payroll liabilities	-	-	235	-	235
Borrowings	-	-	566	-	566
Loan notes	-	-	1,874	-	1,874
Other financial liabilities	-	-	2,307	-	2,307
	-	-	7,517	-	7,517

2015	Available-for-sale financial assets $ 000	Loans and receivables $ 000	Financial liabilities at amortised cost $ 000	Financial liabilities at fair value through profit or loss $ 000	Total $ 000
Trade and other receivables	-	284	-	-	284
Investment	4,000	-	-	-	4,000
Cash and cash equivalents	-	45	-	-	45
	4,000	329	-	-	4,329
Bank overdraft	-	-	62	-	62
Trade payables	-	-	1,270	-	1,270
Accrued liabilities	-	-	1,618	-	1,618
Payroll liabilities	-	-	161	-	161
Borrowings	-	-	808	-	808
Loan notes	-	-	1,230	-	1,230
Derivative financial liability	-	-	-	194	194
Other financial liabilities	-	-	190	-	190
	-	-	5,339	194	5,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments *continued*

Valuation techniques and assumptions applied for the purposes of measuring fair value

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

The fair value of available-for-sale financial assets is estimated by using other readily available information. As the Circum and Casa shares are in privately held exploration companies, the fair values were estimated using observable placing prices where available or movements in the share price of comparable listed companies.

The fair value of the derivative instruments is calculated using the value of the convertible loan note in the absence of the conversion features and the likelihood of default. This bond component of the convertible loan note has a value equal to the sum of the discounted interest payments and capital redemptions on the note. These cash flows are typically discounted using a risk free discount rate.

The embedded derivative represents the additional value of the conversion features on the note. The value depends on the probability of the conversion triggers being triggered and the expected payoff under that scenario. The valuation of the embedded derivative requires the estimation of the probability of default and the probability of the conversion triggers being triggered at each date where the company is contracted to redeem the notes. The value of the embedded derivative is the discounted probability weighted payoff under the different conversion trigger scenarios.

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 or will be made available 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	
	2016 $ 000	2015 $ 000	2016 $ 000	2015 $ 000
Sterling	189	275	350	21
Euro (€)	163	168	1	1
Canadian dollar (CDN$)	-	21	-	-
South African Rand (ZAR)	32	51	-	-
Mozambique metical (MZM)	234	-	3	
	618	**515**	**354**	**22**

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 most of its funding, against other currencies in which the Group incurs liabilities and expenditure.

Sensitivity analysis

Financial instruments affected by foreign currency risk include cash and cash equivalents, other receivables, trade and other payables and convertible loan notes. 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

Income Statement / Equity

	2016 $'000s	2015 $'000s
Exchange rates		
+10% US$ Sterling (GBP)	23	38
-10% US$ Sterling (GBP)	(23)	(38)
+10% US$ Euro (€)	17	18
-10% US$ Euro (€)	(17)	(18)
+10% US$ South African Rand (ZAR)	0.2	0.3
-10% US$ South African Rand (ZAR)	(0.2)	(0.3)
+10% US$ Canadian dollar (CDN$)	0	2.1
-10% US$ Canadian dollar (CDN$)	(0)	(2.1)
+10% Mozambique metical (MZM)	23	-
-10% Mozambique metical (MZM)	(23)	-

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 trade debtors and cash and cash equivalents. The Group limits its exposure to credit loss by placing its cash with major financial institutions. As at 31 December 2016, the Group held US$399, 000 in cash and cash equivalents (2015: US$45,000) and had a US$155,000 bank overdraft (2015: US$62,000).

Liquidity risk

Some of the Group's financial liabilities are classified as current and some are non-current. The Group intends to settle these liabilities from revenue generated from sales production, sale of assets and working capital.

Market risk

The Group's investments in available-for-sale financial assets comprise small shareholdings in unlisted companies. The shares are not readily tradable and any monetisation of the shares is dependent on finding a willing buyer.

32. Related party transactions

Borrowings

1. On 9 April 2015, the CEO and Chairman George Roach provided a US$250,000 bridge loan facility and agreed the repayment and conversion terms of the loan outstanding at 31 December 2014. Together the loans with any accrued interest are repayable by the Company as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%. George Roach may elect to convert all or part of the loans into new ordinary shares in the Company at a conversion price that is the lesser of the volume-weighted average price of the ordinary shares for the five trading days immediately prior to the date of conversion or the closing price of the ordinary shares on the date of the loans.

   On 29 January 2016, the Company issued 47,479,109 shares at an issue price of 0.364p per share for a total value of £172,824 (US$247,000) to George Roach for conversion of this loan refer note 25 (27).

2. On 15 September 2015, through the Company the CEO and Chairman George Roach provided a US$300,000 loan direct to RHA Tungsten (Pty) Limited ('RHA'). The loan with any accrued interest will become repayable by RHA as soon as all other third party indebtedness has been repaid in full or with the prior consent of all third party lenders. The loans are unsecured and interest will accrue at the rate of LIBOR plus 3%.

The balance of the loans to Premier at 31 December 2016 was US$566,000 (refer note 22).

Subsequent to the reporting date, Mr. Roach converted the balance of his loans plus accrued interest to Premier into equity (refer note 34). During the 2016 financial year, Mr. Roach earned a total of US$7,000 (31 December US$27,000) in interest on his loans.

Supplies and Services

During 2016 administration fees of US$36,500 (2015: US$35,500) 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 administrative support services. At the financial year-end nothing remains outstanding of this amount (31 December 2015: US$8,500).

During 2016 capital goods, consumables and small equipment for RHA totalling US$38,380 (31 December 2015: US$36,624) was purchased on behalf of RHA by a business in which Mr G Roach, Director is a beneficial owner. At the financial year end US$20,016 remains in creditors.

Put option

Premier entered into a put option agreement in respect of its holding of shares in Circum Minerals Limited (Circum) with George Roach. Under the Circum Agreement, in the event that:

- Premier fails to meet its obligations under the JRG Memorandum;
- JRG exercises its rights under the surety against George Roach and;
- Premier fails to find an alternative buyer for its Circum shares,

Then the company may require George Roach to purchase such number of Circum shares at a price of US$2 per Circum Share (being the fair market value of the Circum shares in the audited results for the year ended 31 December 2015) equal to the total amount then owed to JRG.

Remuneration of key management personnel

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

	2016 $ 000	2015 $ 000
Consulting fees	265	360
Staff costs	80	206
Directors' fees	35	127
Share based payments	-	50
	380	743

33. Non-controlling interests

	2016 $ 000	2015 $ 000
At 1 January	(1,497)	373
Non-controlling interest at acquisition	1,008	-
Non-controlling interest in share of losses for the year - RHA	(2,209)	(1,870)
Non-controlling interest in share of losses for two months ended December 2016 - TCT	(18)	-
At 31 December	**(2, 716)**	**(1,497)**

The share of losses in the year represents the losses attributable to non-controlling interests in RHA Tungsten for the year and for the two months ended 31 December 2016 for TCT IF.

34. Events after the reporting date

34.1 Conversion of loan note and issue of equity

- On 3 January 2017 the company received a notice of exercise by Darwin Capital Limited ("Darwin") to convert 19 loan notes with an aggregate value of £475,000 into equity ("Conversion Notice"). As a result, the Company issued 204,121,975 new ordinary shares to Darwin at an issue price of 0.232704p per Share.

- On 19 January 2017 the Company issued 20 Loan Notes of the available 48 Loan notes as part of the Issue Date Two and Three of the Loan Note agreement with Darwin, full terms of which were set out in the announcement dated 22 August 2016. Darwin was issued with 42,857,143 warrants at 0.35 pence per warrant as part of the subscription.

- On 31 January 2017 the Company converted 16 loan notes with an aggregate par value of £400,000 into equity in relation to the convertible loan notes announced on 23 August 2016. The Conversion Notice was received in aggregate for £400,000 of the loan notes. The Company therefore issued 196,430,851 new ordinary shares to Darwin at an issue price of 0.203634p per Share.

- On 1 February 2017 the Company announced that it had received a notice of exercise by Darwin to convert a further 16 loan notes with an aggregate par value of £400,000 into equity in relation to the convertible loan notes announced on 22 August 2016. The Conversion Notice was received in aggregate for £400,000 of the loan notes. The Company therefore issued 196,430,851 new ordinary shares to Darwin at an issue price of 0.203634p per Share.

34. Events after the reporting date *continued*

34.1 Conversion of loan note and issue of equity *continued*

- On 3 February 2017 the Company announced that it had received a notice of exercise by Darwin to convert a further 24 loan notes with an aggregate par value of £600,000 into equity in relation to the convertible loan notes announced on 22 August 2016. The Conversion Notice was received in aggregate for £600,000 of the loan notes. The Company therefore issued 294,646,277 new ordinary shares to Darwin at an issue price of 0.203634p per Share.

- On 7 February 2017 the company, announced that it had received a notice of exercise by Darwin to convert the remaining 27 loan notes with an aggregate par value of £675,000.00 into equity in relation to the convertible loan notes announced on 22 August 2016. The Conversion Notice was received in aggregate for £675,000.00 of the loan notes the Company therefore issued 317,844,496 new ordinary shares to Darwin at an issue price of 0.212368p per Share.

34.2 Settlement of Loan Facility with AgriMinco

As announced on 27 April 2015 the Company had entered into a two year US$250,000 loan facility with AgriMinco Corp. ("Loan Facility"). On 19 January 2017, Premier and AgriMinco agreed to settle the Loan Facility, subject to TSX Exchange approval, whereby the outstanding amount owed by Premier under the Loan Facility (amounting to US$260,922.39 including accrued interest) would be offset by the historic amounts owed by AgriMinco (amounting to US$195,578.88). The net balance owed by Premier amounted to US$65,343.51 and Premier agreed to repay AgriMinco in four equal instalments of US$12,335.88 from 15 March 2017, with an initial amount of US$16,000 on execution of the settlement agreement.

34.3 Placings

On 30 January 2017 the company issued new ordinary shares to raise £1,020,000 before costs (the "Placing") through a subscription.

On 24 March 2017 the company announced that it had raised gross proceeds of £2,011,396.27 via an offer on PrimaryBid.com through the issue of 402,279,254 ordinary shares at an issue price 0.5p each

34.4 Loan Agreement with George Roach and Loan Agreement Conversion Rights

On 15 September 2015, George Roach provided a US$300,000 loan direct to Premier for the use at RHA Tungsten (Pty) Limited ("RHA"). The loan is unsecured and accrues interest at a rate of 3% per annum. As at 28 March 2017, the loan and accrued interest totalled US$ 309,457. On 28 March 2017 the Company announced that it had amended the terms of the existing loan agreement ("Loan") with George Roach through the grant of conversion rights. The Board granted conversion rights in respect of the Loan, which can now be converted into new ordinary shares at a price of 0.5p per new ordinary share.

34.5 Conversion of Directors fees into equity

On 31 March 2017 the company announced that certain of its Directors (the "Relevant Directors") have accepted new ordinary shares in the Company ("Ordinary Shares") as payment for their services ("Director Fees") from year ending December 2016 (the "Relevant Period"). The Company approved the conversion of £30,000, representing Director Fees owed to the Relevant Directors covering the Relevant Period into 6,000,000 new Ordinary Shares which were issued at 0.5p per Ordinary Share.

35. Ultimate controlling party

There is no single ultimate controlling party.

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Ian Stalker
Non-Executive Director

Michael Foster
Non-Executive Director

Russel Swarts
Finance Officer and Non-Executive Director

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