PREMIER AFRICAN MINERALS LIMITED

ANNUAL REPORT

31 DECEMBER 2018

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(AIM:PREM)

Contents

Chief Executive's Statement

2018 was disappointing with a number of achievements anticipated being stalled and generally due to circumstances not immediately under our control. Perfect hindsight may have avoided some of this and post year end events and decisions discussed in this report are targeted at mitigation, remedy and redirection, all intended to stabilise and then regenerate Premier African Minerals Limited ("Premier" or the "Company"). The prospect of restructuring the ownership at RHA Tungsten (Pty) Ltd ("RHA"), born out of the promise of a new Zimbabwe, failed to materialise and in its place the Zimbabwean National Indigenisation and Economic Empowerment Fund ("NIEEF") proposed in late 2018 that they would fund RHA back into production whilst retaining their ownership. In this event, Premier's loan account to RHA, now in excess of $20 million, remains in place and Premier is reappointed as the manager of the project. This was set out formally in a letter from the Zimbabwean Ministry of Industry, Commerce and Enterprise Development ("Zimbabean Ministry") and in a subsequent event, a new contract was concluded, in which NIEEF set out a legally binding commitment to fund RHA.

Similarly, the failure to reach agreement on the proposed joint venture to develop Zulu Lithium (Pty) Ltd ("Zulu") has been exacerbated by the ongoing frustrations associated with the delay in granting our Exclusive Prospecting Order ("EPO") application over the on-strike extensions to Zulu. Most disappointing is that these extension areas, in our opinion, are worth little to any other party without the main body of the Zulu deposit but would be highly complementary to Zulu in the long term. The combination of this, the failure to reach agreement on RHA and general shareholder sentiment all supported the decisions taken in late 2018 to seek a new project for Premier. Out of this, the proposed transaction with KME Holdings Limited ("KME") and subsequently Honey Badger Resources Limited (HBR) emerged. It was clear then, and is just as clear now, that Premier needs to diversify both country and development risk as much to ensure the ability to raise adequate funding to develop its projects, as to regain shareholder value and to achieve a state of self-sustainability where revenue is generated from our projects, and dependence on equity placement ceases.

Some additional drilling at RHA supported our decision to suspend open pit operations at this time and to seek to expand underground operations through the eventual development of a new decline shaft to intersect higher grade and better defined mineralisation intersected in drilling at depth. A prospective return to production at RHA was further supported by better fundamentals in the tungsten market, something that persists today, and validation of previous studies conducted on our behalf by Bara Consulting. There is no doubt in my mind that once RHA attains steady state, it will be a long term and important tungsten producer.

It is abundantly clear to me today in late June 2019, that reliance exclusively on any event that is not entirely under our control risks further delay and frustration in returning value in our company. There is little doubt in my mind that Premier must diversify and identify revenue generating assets that are actually in production and profitable now.

We continue to hold 5 010 333 shares in Circum Minerals Limited ("Circum"), currently valued in total at $6 262 916.25. Circum has published a general update to shareholders in June 2019 and I remain confident that the major shareholders and directors of Circum are now fully coordinated in their intention to generate a liquidity event for shareholders before the end of 2019. The full update has been made available to shareholders through our website (as announced on 12 June 2019).

On a corporate level, in September 2018, Russel Swarts ceased to be a Board member and Michael Foster accepted the appointment as Chairman of the Board. I extend my appreciation to both. As a Board we recognise that the corporate management team needs strengthening. An element of the proposed HBR and KME transactions was intended to see just such an overhaul with both changes to overall executive management and additions to our Board. That these transactions did not materialise, has not changed the Board’s intention.

As a final note, I would like to thank all our employees, directors and consultants for their continued hard work.

I look forward to the next 12 months as a year of potential regeneration and change and a return to value.

George Roach

Chief Executive Officer & Outgoing Chairman

30 June 2019

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 United Kingdom and the Republic of Ireland's independent regulator, the Financial Reporting Council.

RHA

49% Interest owned by Premier

51% Locally indigenized owned by NIEEF

2018 saw a disappointing start with the suspension of operations in early January 2018 and the placing of the mine under care and maintenance. It had become clear late in December 2017 that underground development had not attained the levels expected and accordingly RHA would not meet the targets set for production during 2018. With the scrapping of indigenisation law in Zimbabwe, Premier approached the Zimbabwe Government with a proposal that had initially found favour and support both in verbal discussion and then subsequently in written confirmation. This proposal suggested that Premier would agree to capitalise our loan account in exchange for the issuance of new shares in RHA such that Premier would hold 90% of the shares in issue thereafter. There followed extensive meetings and discussions, all with the promise of action and implementation of the proposal. This culminated late in 2018 with NIEEF through the office of the Zimbabean Ministry, declining the proposal originally accepted and instead stating their intention to invest into RHA to restart the mine. Whilst not expected, this alternative was attractive. At the same time, it assured Premier's loan and lifted any further funding requirement from Premier.

Drilling undertaken during 2018 had confirmed our decision not to proceed with the open pit operations. It had been suspected for some time that the mineralisation within the upper areas of the pit envelope was widely spread as a consequence of factors not previously identified and the clearly delineated quartz vein mineralised structures self-evident in the underground operations, did not extend into the western areas of the pit. This drilling did however, indicate that a future open pit operation would probably be feasible after a decline access shaft to underground operations had been constructed. The need and desirability of his new shaft system had long been contemplated and this drilling added further support in that an anticipated convergence of the underground mineralised zones seemed to be supported by results obtained. Important to note that the existing underground shaft system and adit are within the eastern areas of a possible future open pit envelope and this is the reason for not looking to extend the open pit now.

Further validation undertaken during 2018 supported the continuing intention to return RHA to production and identified a number of improvements possible to the process plant that would be expected to improve recoveries and concentrate purity.

Recoverability of mine assets

The mine assets remain fully impaired at this time and are likely to so remain until NIEEF either funds the operation or concludes another sustainable arrangement that allows the mine to be fully funded and returned to operations.

Post Reporting Period

On 7 May 2019, Premier reported that NIEEF finally signed a legally binding agreement that included provisions to fund RHA to the extent of $6 million. At the same time, Premier was reappointed as the manager.

In June 2019, Premier reported that RTGS six million had been deposited to the bank account of RHA. This followed a conversation with the Zimbabwean Ministry in which it was made clear that this did not constitute the entire assistance that would be provided to RHA through NIEEF and that the Zimbabwean Government remained committed to facilitating a return to production at RHA as expeditiously as possible. Whilst the formal agreement with NIEFF contains a provision that $6 million is to be funded by NIEEF, Premier is deeply appreciative of the investment made to date and will properly appropriate the funds now available to the proposed restart RHA.

The Zimbabwean Government has stated that RTGS is the sole legal tender in Zimbabwe and has converted existing $ holdings to RTGS on a one for one basis. An example of this includes the outstanding balance on the RHA current account that had reflected an overdraft of some $300 000. This account now reflects a credit balance of some RTGS 5,7 million. A substantial portion of RHA debt was incurred in Zimbabwe and is due and payable to Zimbabwean registered and domiciled bodies. The full potentially beneficial impact of this will need to be assessed in consultation with NIEEF and our Zimbabwean legal team. Similarly, it would be reasonable to expect that certain costs of machinery and equipment dependent on imports increase in price subject to the exchange rate of RTGS for foreign currency.

Premier is focused on getting RHA fully operational and has agreed that together with NIEEF, this is our prime objective.

Finally, Premier's joint liability in respect of part of the overall debt carried by RHA may now reduce.

The status in Zimbabwe is fluid in so far as currency is concerned and Premier will carefully monitor this and keep the market and shareholders informed.

Zulu Lithium and Tantalum Project

Progress at Zulu has been disappointing. The proposed transactions firstly with Cadance Minerals PLC ("Cadence"), and subsequently with KME, all intended to commence with the drilling required to support the proposed DFS, have failed to complete. Similarly, the application for an extended area of 20,200 hectares incorporating our existing Zulu claims under a single EPO has been stalled in the office of theZimbabwean Mining Affairs Board for more than a year. Data compilation in regard to the extended area under EPO application indicates further lithium mineralisation that would be complementary to a mine at Zulu but that is unlikely to constitute another free standing mining operation. It is indeed disappointing that the delays in granting an EPO is not supportive of sentiment and only goes to further frustrate development. Nevertheless, we continue to believe that Zulu is a potentially outstanding deposit and Premier remains committed to this project and will look to progress our DFS in the near future. Our scoping study presented in the last annual report underlined the fundamentals that could apply when Zulu progresses and when assessment of country and investment risk stabilises.

Post Reporting Period

Re-evaluation of investment and country risk associated with Zimbabwe has resulted in an increased discount rate of 33%. Production of concentrates only cannot support this risk profile and primarily for this reason, the decision has been taken to fully impair Zulu at this time. It should be noted that any decision to construct a lithium carbonate plant would be expected to lead to a reversal of this impairment at present price levels and even at this discount rate

Funding

During the reporting period we raised net proceeds of $1,715 million (2017:$16,525 million).

Principal activities and strategic review of the business

The principal activity of Premier 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

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

During 2019, the primary focus will be to secure the EPO under application for an extended area incorporating Zulu, ensure compliance by NIEEF with the terms of their undertaking to provide funding of $6 million to bring RHA back to production and to seek to mitigate risk through country, commodity and cash generative project status diversification.

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:

Credit Risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. Also refer to the going concern section below.

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

In the year under review, the Group recently recorded some revenue from operations at RHA and future revenue from RHA will remain subject to rising of capital as contemplated in the previously proposed funding options. 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.

Market Risk (exchange rates, commodity and equity)

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's, obligations are not considered significant.

Foreign Currency Risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States dollar ("USD"). The Company expects to continue to raise funds in the United Kingdom. The Company conducts its business in Zimbabwe with a significant portion of expenditures in that country historically denominated in USD and, in addition, a portion of the Company's business is conducted in South African Rands ("ZAR"). As such, it is subject to risk due to fluctuations in the exchange rates between the USD and each of the ZAR and GBP, A significant change in the currency exchange rates between the USD relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Commodity Price Risk - While the value of the Company's core mineral resource properties, RHA and Zulu are related to the price of tungsten and lithium and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Early-stage Project Risk

RHA moved into production during 2017, which was then suspended on 9 January 2018. Zulu is 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.

Licencing Risk

The Company's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Company continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.

Political and Regulatory Risk

The Group's operating activities in Africa, notably in Zimbabwe, are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. The Group is dependent on the political and economic situation in these countries and may be adversely impacted by political factors such as expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations.

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 management information presented to the Board;

➢ Day to day hands on involvement of the Executive Directors and Senior Management; and

➢ Regular board 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. The Group has identified certain short coming in the financial control systems, which are currently in the process of being addressed.

Disclosure of management's objectives, exposure and policies in relation to these risks can be found in note 30 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 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 operating losses from continuing operations amounting to $2,845 million (2017: $8,205 million) and negative cash flows from operations amounting to $1,558 million for the year ended 31 December 2018 (2017: $6,215 million) as the Group continued to maintain RHA in care and maintenance, attempted to advance Zulu through the proposed Cadance joint venture processes described above in this report and explored new opportunities to diversify and mitigate general risks associated with our Zimbabwe based projects.

As at 31 December 2018, current liabilities exceeded current assets by $3,423 million (2017: $1,843 million). The Group raised $1,715 million (2017: $11,101 million) in net funding through share subscriptions to fund holding costs at RHA inclusive of substantial additional debt incurred through RHA operations during the latter part of 2017, general group maintenance and preservation of assets and to investigate and assess potential diversification as discussed in the paragraph above.

The Directors have prepared cash flow forecasts for the period ending 31 December 2020, on the basis of the following considerations.

RHA

- The Company will not fund any of the activities at RHA after 1 July 2019.
- RHA concluded an agreement with NIEEF on 30 April 2019 in terms of which NIEEF undertook to provide $6 million funding to bring RHA back into production.
- On 24 June 2019, NIEEF deposited RTGS6 million to the bank account of RHA.
- RTGS is the Zimbabwean local currency that is the sole legal tender now used in Zimbabwe.
- Simultaneous with this, $ denominated bank accounts have been converted on a one to one basis to RTGS.
- At this point in time, it is not clear whether this deposit is adequate to bring RHA back into production.

Zulu

- The Company will seek to secure the EPO for Zulu and thereafter fund development of Zulu on the basis of a "farm-in" or joint venture agreement with prospective partners.
- The Company will only maintain the tenements and will not provide any further funding.

The Group

- Repayment of all debt settlement agreements entered into amounting to $0,926 million
- The Company raised a loan of $350 000 in June 2019, and the cash flow is dependent on additional capital being raised. There remains an active and liquid market for the Company's shares and the Company has historically been able to raise funding through equity placements and the Board believes that it will continue to be able secure the funds required for ongoing working capital needs going forward.
- The Company will seek to diversify its operations and risk profile and limit the funds that need to be raised through equity placements to provide necessary funding for the Company's significantly reduced fixed overhead.

In the event that the Company is unable to obtain additional equity finance for the Group's working capital, a material uncertainty exists which may cast significant doubt on the ability of the Group to continue as a going concern and therefore be unable to realise its assets and settle its liabilities in the normal course of business.

George Roach
Chief Executive Officer
30 June 2019

Directors' Report

Results

The audited financial statements for the year ended 31 December 2018 are set out on pages 26 to 81. The Group reported a loss before and after tax of $7,758 million for the year ended 31 December 2018 (2017: $19,761 million).

The loss before and after tax includes:

- A gross trading loss after depreciation and amortisation is $0,011 million (2017: $4,603 million);
- Administration expenses amounting to $2,834million (2017: $3,602 million);
- Given that RHA is under care and maintenance, it was decided to impair the carrying value in full of the RHA assets by $0,244 million (2017:$9,809 million);
- Finance costs amounting to $0,153 million (2017: $1,507 million); and
- Impairment of intangible assets – Zulu Lithium of $4,563 (2017 $nil).

Impairments of the fair value of the available-for sale investments of $nil million (2017: $1,889) were taken through other comprehensive income.

The total comprehensive loss for the year amounted to $7,758 million (2017: $21,650 million)

Dividends

The Directors do not recommend the payment of a dividend in respect of the year under review.

Fund-raising and capital

During the 2018 financial year net funds of $1,415 million (2017: $16,525 million) were raised through direct subscriptions from the issue of share capital and the issuing of loan notes.

There remains an active and very liquid market for the Group's shares.

Darwin

On 19 January 2017, the issue of loan notes generated proceeds of $0,523 million (£0,475 million).
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 18.
No loan notes were issued for the year ended 31 December 2018.

Borrowings

During the prior years, George Roach had provided bridge loan financing of $0,56 million, of which $0,100 million was converted to equity during 2017. During the current year a further $0,3 million was converted through the issue of equity.

Further information on these transactions is included in note 17 and 32.

Other key elements of financial position

Exploration and Evaluation costs of $0,272 million (2017: $0,704 million) were capitalised on the Zulu in Zimbabwe.

The Company's holdings in Circum amount to $6,263 million (2017; $6,263 million).

Some $0,196 million was invested in the acquisition of property, plant and equipment during the year (2017: $1,592 million).

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 33 to the financial statements.

Directors

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

- George Roach (appointed on incorporation April 2007);
- John (Ian) Stalker (appointed 4 December 2012, reappointed 22 April 2016, resigned 10 April 2018);
- Michael Foster (appointed 26 February 2015);
- Russel Swarts (appointed 19 January 2017);
- Godfrey Manhambara (appointed 27 September 2017)
- Wolfgang Hampel (appointed 10 April 2018)

Share capital

Premier's shares are publicly traded on AIM with the stock ticker of PREM. As at the 31 December 2018, the Company's issued share capital consists of 7 383 679 743 (note 19) 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*	618 796 609	8.4%

* George Roach and/or structures associated with G Roach. The percentage of shares not held in public hands is 8.4%.

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

Corporate Governance Statement

Premier is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure all its practices are conducted transparently, morally and efficiently. Therefore, and in accordance with the AIM Rules for Companies (March 2018), Premier will continue to comply with the provisions of The UK Corporate Governance Code July 2016, as published by the Financial Reporting Council Limited, to the extent the Board consider appropriate, given the Company's size, stage of development and resources (the "Code").

Throughout the Reporting Period, the Company has continued to adhere to this Code and the following statement sets out how the Company complies or otherwise departs from the principles of the Code.

Premier constantly seeks to maintain the highest levels of corporate governance whereby the Company ensures that a periodic review of the Company's corporate governance is done. Following this recent review, there have been no corporate governance issues identified by Premier.

Accordingly, the Company has established specific committees and implemented certain policies, to ensure that:

- it is led by an experienced Board which is collectively responsible for the long-term success of the Company;
- the Board and the committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditors; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the Company has adopted a comprehensive suite of policies including:

- anti-corruption and bribery;
- health and safety;
- environment and community;
- IT, communications and systems; and
- social media.

The Code followings 5 Main Principles, which are herein assessed in accordance with Premier commitment to maintain the highest levels of corporate governance.

1. <u>Leadership</u>

The Role of the Board of Directors

The Board is responsible for the management of the business of the Company, 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 always to act in the best interests of the Company. The Board also addresses issues relating to internal control and risk management. The Non-executive Director bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The Non-executive Director is considered by the Board to be independent at the date of this report. To achieve its objectives, the Board strictly adheres to the Code.

The Board meets at least three times a year with supplementary meetings held as required. The agenda for the Board meetings is prepared jointly by the Chairman and CEO. The Board maintains annual rolling plan ("Agenda") of items for discussion to ensure that all matters reserved for the Board, with other items as appropriate, are addressed. The Agenda, with all accompanying documents, generally includes the following:

- Review of previous minutes;
- Discussion on various project activities and market conditions;
- Management Accounts and Financial position;
- Corporate Matters; and
- Other business matters that Board members can freely raise beyond the defined Agenda.

The Annual Accounts of Premier best reflects the Board key types of decisions that the Board are required to take in their pursuant of maintaining the highest levels of corporate governance. The following matters are reserved for the Board;

- Strategy, Policy and Management;
- Group Structure and capital requirements;
- Financial reporting and controls;
- Internal and External controls;
- Transactions and Commercial Contracts including delegation authority;
- Board structure; and
- Corporate governance matters.

Premier has established varies committees to assist the Board in maintain the highest levels of corporate governance. Of these committees, the following two strongly assist the decision making of the Board;

Audit Committee

The Audit Committee ("AC"), which comprises of Michael Foster and Godfrey Manhambara, and is chaired by Godfrey Manhambara, 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.

Other key aspects of the AC include:

- reviewing the Company's accounting policies and reports produced by internal and external audit functions;
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor;
- reporting its views to the board of directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

Remuneration Committee

The Remuneration Committee comprises of Godfrey Manhambara and Michael Foster and is chaired by Godfrey Manhambara. 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.

The Division of Responsibility of the Board of Directors

It is important that the Board itself contains the right mix of skills and experience to deliver the strategy of the Company. The roles of the Chairman and Chief Executive Officer ("CEO") are not exercised by the same person. There is no one individual or group of individuals on the Board that have unfettered powers of discretion nor is there any undue influence in the collective decision-making ability of the Board.

The responsibilities of the Chairman, CEO and Non-executive director are set out in writing and are review by the Board annually to ensure that it remains relevant and accurate. In brief summary, they are responsible as followings;

- The Chairman's role is to lead and manage the Board and play a role in facilitating the discussion of the Company's strategy, as set by the Board. And to effectively promote the success of the Company.

- The CEO's role, including the role of the Technical Director, is the responsibility of the day-to-day management of the Company's operational activities, and for the proper execution of the stagey as set by the Board.
- The Non-executive directors, act as a member of the unitary Board, however, they are required to constructively challenge performance of management and help develop proposals on strategy, agreeing of goals and the Company key objectives.

2. <u>Effectiveness</u>

The Composition of the Board

The Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

As such, the Board has been structured to ensure that correct mix of skills and experience are in place to allow it to operate effectively:

- a Chairman (Michael Foster), whose primary responsibility to lead and manage the Board. This remain vital in the delivery of the Company's corporate governance model. The Chairman has a clear separation from the day-to-day business of the Company which allows him to make independent decisions.
- a CEO (George Roach), whose primary focus is communicating, on behalf of the Company, with shareholders, government entities, and the public. Leading the development of the Company's short- and long-term strategy.
- a Technical Director (Wolfgang Hampel), whose is responsible for leading, co-ordinating and optimising the performance of the both mining and exploration services. With a further responsibility for geological and mine planning activities, his role is critical in ensuring the quality and efficiency of Premier geology, and
- one independent Non-Executive Directors (Godfrey Manhambara).

The Code requires that a smaller company (and which the Company is under the Code) should have at least two independent non-executive directors. Godfrey Manhambara is independent under the Code. The Board also regards Michael Foster as independent, notwithstanding that he participates in the Company's share option plan and had an interest in Casa Mining. The Board is satisfied that Michael Foster acts independently irrespective of these interests. The Board also notes that no single individual will dominate decision making and further notes that there has been sufficient challenge of executive management at meetings of the Board thereby confirming that the Board is capable of operating effectively.

The Board has not appointed a senior Finance Director but is actively seeking for the appropriate candidate. Additionally, the Company has a Company Secretary in the UK who assists the Chairman and CEO in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The Company Secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment.

The Nomination Committee ("NC") has been established to regularly review and ensure that the Board has the appropriate balance of skills, experience and knowledge of the Company. NC 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 George Roach and Godfrey Manhambara and is chaired by George Roach.

Other key aspects of the NC include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board about any changes, succession planning and vacancies; and
- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the board.

Appointments to the Board

The appointment of new Directors to the Board is led by the NC who has the responsibility for nominating candidates for appointment. Both the NC and Board considers the need for diversity, including equality, and that the new directors must exhibit the required skills, experience, knowledge and independence.

The Board acknowledges that the Company is not in compliance with the Code whereby the NC should comprise a majority of independent directors. The Board considers that the NC has a strong enough independent component with Godfrey Manhambara.

Commitment

The Board requires that all directors should be able to allocate sufficient time to the Company to discharge their responsibilities in accordance their letter of appointment. The Company maintains records of each letter of appointment, which can be inspected at an agreed time, at the Company's registered office.

The NC is responsible for considering on an annual basis, whether each director is able to devote sufficient time to their duties.

Development

All directors are required to familiarise themselves with the Board and should regularly update and refresh their skills and knowledge. The Company provides each joining director with an induction on the Company. Each induction is tailored to the specific background and requirements of the new director. In general, the induction contains information on:

- Structures and operations;
- Board procedures;
- Corporate Governance; and
- Details regarding their duties and responsibilities.

Information and Support

As Premier constantly seeks to maintain the highest levels of corporate governance, it is imperative that information is supplied to the Board in a form and of a quality appropriate to enable the Board to discharge its duties in a timely manner. The supply of the information is done by the Chairman with the assistance of the Company Secretary.

Premier encourage all Board members to seek independent professional advice (at the reasonable expense of the Company) in the furtherance of their duties. The Board is given sufficient opportunity to meet with any manager, consultant or contractor to gain further insight into Premier.

Evaluation

The Board recognises that it should undertake a formal and rigorous annual evaluation of its own performance, that of its committees and individual directors. The evaluation of the Board's performance is an assessment of the following key factors:

- The Board structure;
- The Board's performance;
- The Board business strategy;
- Financial reporting and controls;
- Performance monitoring; and
- Supporting and advisory roles.

The Board is not in compliance with the Code as the evaluation process is usually conducted internally due to the size and complexity of the operations of the Company. Furthermore, the Board believes that internal assessment best help identify the key strength and weaknesses to allow for effective evaluation. The Board will continue to assess the internal review process against the growth of the Company as should the Company grow in size it may consider getting an independent assessment.

The Chairman meets annually with the Non-executive directors without the executive directors to discuss the Board balance, monitor the powers of individual executive directors and raise any other appropriate issues. A similar review is also undertaken of the Chairman whereby the senior executive director meets with the Non-executive directors.

Re-election

The Board believe that all directors should be submitted for re-election at regular intervals, subject to the continued satisfactory performance of the Company.

The Director longest in office since their last appointment is required to retire by rotation or stand for reappointment at the Annual General Meeting ("AGM").

3. Accountability

Financial and Business reporting

A key duty of the Board is to oversee the financial affairs of the Company. The Financial Statements is the Board's primary means of presenting a fair, balanced and understandable assessment of the Company's positions that also best provides the information necessary to allow shareholders to assess the Company's performance, business model and strategy for that period.

You can view Premier Annual Report and Financial Statements on the Company's webpage at the following address, www.premierafricanminerals.com. Under the Strategic Review section of the Company's Annual Report and Financial Statements for the year ended December 2018, the Board set outs the strategic objectives of the Company, how these will be delivered, Premier business model and how the Company will generate and preserve value over the longer term for shareholders.

The Board have a reasonable expectation that the Group has adequate resources to continue in operations or existence for the foreseeable future thus continues to adopt the going concern basis in preparing its Annual Report and Financial Statements. Refer to note 6 to the financial statements.

Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board manages the risk through the implementation of internal control systems.

The Board has identified the following as some of the risks and their mitigation:

- Credit Risk: Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.
- Liquidity Risk: Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have enough liquidity to meet its obligations.
- Operating Risks: The activities of the Company 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. The Company manages the risk by closing monitoring operations and maintaining adequate insurance cover.
- Early-stage Business Risk: The Board manages this risk by monitoring cash levels and reviewing cash flow forecasts on a regular basis.
- Market Risk (exchange rates, commodity and equity): Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company manages the risk by closing monitoring exchange rates, commodity and equity markets. The Company further engages consultants to undertake commodity forecast.
- Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's, obligations are not considered significant and is not mitigated at this time.
- Foreign Currency Risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States dollar ("USD"). The Company has not hedged its exposure to currency fluctuations.
- Environmental Risks and Hazards: All phases of the Company's operations are subject to environmental regulation in the areas in which it operates. The Board manages this risk by working

with environmental consultants and by engaging with the relevant governmental departments and other concerned stakeholders.
- Licencing Risk: The Company's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Company continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.
- Political and Regulatory Risk: The Company operating activities in Africa, notably in Zimbabwe, and Togo, 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 Board has overall responsibility for maintaining and reviewing the Group's system of internal control and ensuring that the controls are robust and effective in enabling risks to be appropriately assessed and managed.

On behalf of the Board, the AC conducts an annual review of the effectiveness of the systems of internal control including financial, operational and compliance controls and risk management systems.

Audit Committee and Auditors

The functions of the AC are clearly described as part of the Leadership function in this note.

Whilst the Board sets the Company risk appetite, it reviews the operations and effectiveness of the Company's risk management activities through the AC, which undertake the day-to-day oversight of the risk management framework on behalf of the Board. The Chairman of the AC regularly provides an update on the work carried out by the AC to the board.

It is noted that the AC follow the recommendations of the Code whereby they monitor and review the effectiveness of the internal audit activities. However, at this time, the Board have determined that the appointment of internal auditor is not required due to the size of the Company.

4. <u>Remuneration</u>

The Level and Components of Remuneration

Executive directors' remuneration should be designed to promote the long-term success of the Company. Performance-related elements should be transparent, stretching and rigorously applied. The Board delegates the responsibility for setting the appropriate levels of remuneration for its directors to the Remuneration Committee.

The levels of Remuneration to directors are disclosed to shareholders in Premier Annual Report and Financial Statements. Both the Board and Remuneration Committee seek to provide appropriate reward for the skill and time commitment required so at to retain the right calibre of director at a cost to the Company and which reflects the current market rates.

Procedure

The Board have a formal and transparent procedure for developing policy on the executive remuneration and for fixing the remuneration packages of individual directors. As strict policy, no director is involved in deciding their own remuneration.

The Remuneration Committee consider and approves the remuneration and where applicable, incentives and benefits, and makes recommendations to the Board. The Committee will also govern employee share schemes. The Chairman of the Committee will be consulted by the CEO in respect of the Company and director's performance approvals, compensation and in respect of any appointment/departures from roles.

The remuneration of non-executive directors shall be a matter for the executive members of the Board.

The Company has adopted a share dealing code to ensure directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under MAR which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company;
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Additionally, under the share dealing code, no person discharging managerial responsibilities is permitted to deal in Company securities (whether directly or through an investment manager) during a closed period; being the period either: from the end of the relevant financial year up to the release of the preliminary announcement of the Company's annual results; from the end of the relevant financial period up to the release of the Company's half-yearly financial report or; 30 calendar days before the release of each of the Company's first quarter report and third quarter report.

5. <u>Relations with Shareholders</u>

Dialogue with shareholders

The Company recognises that maintaining strong communications with its shareholders promotes transparency and will drive value in the medium to long-term. Accordingly, the Company has an established programme to communicate with shareholders. This done by providing regular updates on the progress of the Company, detailing recent business and strategy developments, in news releases which will be posted on the Company's website and through certain social media channels. The Board has also engaged an internal Investor Relations Officer (Fuad Sillem) who assist in maintaining the strong levels communication with shareholders.

The Disclosure Committee which comprises of Michael Foster and Godfrey Manhambara and is chaired by Godfrey Manhambara is in place to assist the Board with the dialogue between the Company and its shareholders. 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.

The Chairman and CEO are contactable via email. Their email address can be obtained at either the Company's registered office or by requesting them at the below address. To continually improve transparency, the Board would be delighted to receive feedback from shareholders. Communications should be directed to info@premierafricanminerals.com. The CEO has been appointed to manage the relationship between the Company and its shareholders and will review and report to the Board on any communications received.

Constructive Use of General Meetings

The Company holds AGM each year, whereby all of the directors aim to attend the AGM and value the opportunity of welcoming individual shareholders and other investors to communicate directly and address their questions.

In addition to the mandatory information required and procedures to calling a general meeting, which can found under the Company's constitutional documents on the webpage, the Board ensure that a full, fair and balanced explanation of business of all general meetings is sent in advance to shareholders.

George Roach
Chief Executive Officer & Outgoing Chairman
30 June 2018

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

1 Qualified opinion

We have audited the consolidated financial statements of Premier African Minerals Limited ("the Group") for the year ended 31 December 2018 set out on pages 26 to 81 which comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes, including the significant accounting policies in note 4.

In our opinion, except for the possible effects of the matters described in the *Basis for qualified opinion* section of our report, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

Basis for qualified opinion

Included in the consolidated statement of financial position is an amount of $983 000 relating to Provision – rehabilitation (the "provision"). In accordance with IFRSs as adopted by the EU IAS 37, *Provision, Contingent Liabilities and Contingent Asset*, a provision shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. As indicated in note 15 to the consolidated financial statements, the provision is based on the original assessment which was performed in 2014 and the Group has not performed an updated assessment as at 31 December 2018 of the present obligation arising from past disturbances. Consequently, we were unable to obtain sufficient and appropriate audit evidence to determine whether the provision as at 31 December 2018 represents the present obligation of the Group arising from past disturbances and whether any material adjustments to the consolidated financial statements were required.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

2 Material uncertainty related to going concern

<table>
<tr><th colspan="2">The risk</th><th>Our response</th></tr>
<tr>
<td>Going concern

We draw attention to note 6 and 33.2 to the consolidated financial statements which indicates that the Group's ability to continue as a going concern is dependent on additional funding being secured to meet its operational requirements. These events and conditions, along with the other matters explained in note 6, constitute a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.</td>
<td>Accounting basis and disclosure quality:

The Group's ability to continue as a going concern is dependent on the following main factors:

Zulu
• The group will maintain tenements and will not provide any further funding
• The company will seek to secure the EPO for Zulu and thereafter fund the development of Zulu on the basis of a "farm-in" or joint venture agreement with prospective partners.

Group
• Working capital - obtaining additional debt finance or equity to fund current and future working capital requirements.
• Repayment of all debt settlement agreements entered into amounting to $0,684 million.

The RHA mine was placed under care and maintenance during February 2018. Due to the operational challenges experienced at RHA mine, the RHA mine cash-generating unit was fully impaired at year-end.

The directors have prepared cash flow forecasts for the period ending 31 December 2020, considering forecast operating cash flows and, and forecast expenditure for the</td>
<td>Our procedures included:
Evaluating the director's cash flow forecast:
Reviewing the cash flow forecast to determine the Group's ability to continue as a going concern and challenging the assumptions used in the forecast.

Evaluating factors considered in the director's going concern assessment:
Reviewing correspondence between the directors and the NIEEF to understand the negotiations entered into between the two parties to re-commission the RHA mining operations.

Considering the Group's historic ability to raise funds and the liquidity of the Group's shares.

Reviewing of financing options available to the Group to evaluate the ability of the Group to pay their debts as they become due.

Assessing transparency: Evaluating the adequacy of the Group's disclosures in respect of going concern.</td>
</tr>
</table>

The risk		Our response
	rest of the Group including overheads. The consolidated financial statements explain how the directors have formed a judgement that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis. However, the directors have concluded that: • The Group will not fund any of the activities of RHA after 1 July 2019. • The re-commissioning of RHA is dependent on receipt of the difference between US$6 million and RTGS 6 million already received from NIEEF. • The repayment of all debt settlement agreements entered into amounting to $0,926 million; and • The ability to raise additional funding as required. In the event that the Group is unable to obtain additional equity finance for the Group's working capital, a material uncertainty exists which may cast significant doubt on the ability of the Group to continue as a going concern. Clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require such matters to be reported as a key audit matter.	

3 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Going concern is the most significant key audit matter and is described in section 2 above. In arriving at our audit opinion above, the other key audit matter was as follows:

The risk		Our response
Impairment of the Zulu lithium project cash-generating unit ("CGU") Impairment expense $4.6 million Refer to page 40 and 46 (accounting policy) and pages 52 (financial disclosures)	**Forecast-based valuation** The Zulu lithium project impairment expense is significant in the context of the consolidated financial statements. The estimated recoverable amount of the Zulu project CGU is subjective due to the inherent uncertainty of the assumptions used in forecasting and discounting future cash flows. The key assumptions used in the impairment assessment are: • production volumes and grade; • commodity prices; • discount rates; • production costs; and • mine life.	**Our procedures included:** **Assessing expert's credentials:** Evaluating the competence and independence of an external geologist and engineer engaged by the Group to assess the measured and indicated resources, grade and capacity (mine life) used in the impairment calculation. **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as discount rate and commodity prices. **Historical comparisons:** Comparing the Group's forecasted grade and production costs against the achievement of historic results. **Sensitivity analysis:** Re-performing sensitivity analyses on the commodity price assumption applied. **Assessing transparency:** Assessing whether the Group's disclosures were appropriate in respect of the significant judgements, estimates and assumptions applied in the impairment calculation.

The risk		Our response
The fair value of investment in Circum Minerals Limited Investment – available for sale $6.2 million Refer to pages 33, 34 and 46 (accounting policy) and pages 53 and 68 (financial disclosures)	**Fair value determination** The investment in Circum Minerals Limited is significant in the context of the consolidated financial statements. The fair value of the investment in Circum Minerals was based on: • the most recent placing price utilised in April 2019 of US$1.25 per share; • a published update by Circum Minerals to shareholders in June 2019; and • management's best estimate of the fair value at the reporting date based on the available information. The US$1.25 per share may vary depending on the outcome of management's valuation as described in note 9 which will directly influence the fair value of the investment in Circum Minerals as at 31 December 2018.	**Our procedures included:** **Latest placing**: We obtained direct confirmation from the Chief Financial Officer and Company Secretary of Circum Minerals Limited, confirming that the last placement occurred on 30 April 2019 at a share price of $1.25 per share. **Published update**: We obtained the published update to the shareholders by Circum Minerals Limited dated June 2019. We reviewed the communication for any indicators of a change in fair value of the investment. **Management's assessment of fair value**: We obtained management's assessment of the fair value of the investment. We reviewed the assessment for any indicators of a change in fair value of the investment. **Assessing transparency:** We assessed whether the Group's disclosures were appropriate in respect of the significant judgements, estimates and assumptions applied in calculating the fair value.

4 Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at US$ 160 000, determined with reference to a benchmark of net assets of which it represents 2.8%. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding US$ 4 800, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subjected the RHA (Zimbabwe), RHA (Mauritius), Zulu Lithium and PREM components within the Group to full scope audits for Group purposes. The work was performed by the Group audit team.

The components within the scope of our work accounted for the following percentages of the group's results:

	Group loss after tax	Group total assets

Full scope audits	93%	99%

For residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

6 Respective responsibilities

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, including being satisfied giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities in the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and, therefore, are the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of Premier African Minerals Limited ("the Company"), as a body. Our 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 an 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 audit work, for this report, or for the opinions we have formed.

KPMG Inc. (s)

Registered auditors

85 Empire Road, Parktown

Johannesburg, 2193

South Africa

30 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

EXPRESSED IN US DOLLARS	Notes	2018 $ 000 (Audited)	2017 $ 000 (Audited)
ASSETS			
Non-current assets			
Intangible assets	8	-	4 291
Investments	9	6 263	6 459
Property, plant and equipment	10	-	-
		6 263	10 750
Current assets			
Inventories	11	26	-
Trade and other receivables	12	53	239
Cash and cash equivalents	13	16	316
		95	555
TOTAL ASSETS		6 358	11 305
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	14	34	97
Deferred tax	26	-	-
Provisions - rehabilitation	15	983	917
		1 017	1 014
Current liabilities			
Bank overdraft	13	288	182
Trade and other payables	16	2 957	1 942
Finance lease liabilities	14	60	58
Borrowings	17	213	216
		3 518	2 398
TOTAL LIABILITIES		4 535	3 412
NET ASSETS		1 823	7 893
EQUITY			
Share capital	19	45 873	44 158
Share based payment and warrant reserve	20	2 366	2 393
Revaluation reserve		711	711
Accumulated loss		(34 423)	(27 614)
Total equity attributed to the owners of the parent company		14 527	19 648
Non-controlling interest	21	(12 704)	(11 755)
TOTAL EQUITY		1 823	7 893

These financial statements were approved and authorised for issue by the Board on 30 June 2019 and are signed on its behalf.
George Roach
Chief Executive Officer

The notes on pages 30 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing operations **EXPRESSED IN US DOLLARS**	**Notes**	**2018 (Audited) $ 000**	**2017 (Audited) $ 000**
Revenue	22	168	368
Cost of sales excluding depreciation and amortisation	23	(179)	(3 500)
Depreciation and amortisation	8, 10	-	(1 471)
Gross loss		(11)	(4 603)
Administrative expenses	24	(2 834)	(3 602)
Operating loss		(2 845)	(8 205)
Fair value movement FVTPL	9	47	(104)
Impairment of PPE - RHA	10	(196)	(9 809)
Impairment of current assets - RHA		(48)	-
Impairment of intangible assets - Zulu	8	(4 563)	-
Finance charges	25	(153)	(1 507)
		(4 913)	(11 420)
Loss before income tax		(7 758)	(19 625)
Income tax expense	26	-	-
Loss from continuing operations		(7 758)	(19 625)
Discontinued operation			
Loss from discontinued operation net of tax		-	(136)
Loss for the year		(7 758)	(19 761)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movement on investment	9	-	(1 889)
		-	(1 889)
Total comprehensive income for the year		(7 758)	(21 650)
Loss attributable to:			
Owners of the Company		(6 809)	(12 657)
Non-controlling interests		(949)	(7 104)
		(7 758)	(19 761)
Total comprehensive income attributable to:			
Owners of the Company		(6 809)	(14 546)
Non-controlling interests		(949)	(7 104)
Total comprehensive income for the year		(7 758)	(21 650)
Loss per share attributable to owners of the parent (expressed in US cents)			
Basic loss per share	27	(0.1)	(0.3)
Diluted loss per share	27	(0.1)	(0.3)

The notes on pages 30 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

EXPRESSED IN US DOLLARS	Share capital $ 000	Share option and warrant reserve $ 000	Revaluation reserve $ 000	Accumulated loss $ 000	Total attributable to owners of parent $ 000	Non-controlling interest ("NCI") $ 000	Total equity $ 000
At 1 January 2017	27 633	1 846	2 600	(14 957)	17 122	(3 716)	13 406
Loss for the period	-	-	-	(12 657)	(12 657)	(7 104)	(19 761)
Other comprehensive income for the period	-	-	(1 889)	-	(1 889)	-	(1 889)
Total comprehensive income for the period	-	-	(1 889)	(12 657)	(14 546)	(7 104)	(21 650)
Transactions with Owners							
Disposal of TCT IF	-	-	-	-	-	(935)	(935)
Issue of equity shares	17 503	-	-	-	17 503	-	17 503
Share issue costs	(978)	-	-	-	(978)	-	(978)
Share based payments	-	404	-	-	404	-	404
Loan note warrants	-	143	-	-	143	-	143
At 1 January 2018	44 158	2 393	711	(27 614)	19 648	(11 755)	7 893
Loss for the period	-	-	-	(6 809)	(6 809)	(949)	(7 758)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(6 809)	(6 809)	(949)	(7 758)
Transactions with Owners							
Issue of equity shares	1 838	-	-	-	1 838	-	1 838
Share issue costs	(123)	-	-	-	(123)	-	(123)
Warrant options cancelled	-	(204)	-	-	(204)	-	(204)
Share based payments	-	177	-	-	177	-	177
At 31 December 2018	45 873	2 366	711	(34 423)	14 527	(12 704)	1 823

The notes on pages 30 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

EXPRESSED IN US DOLLARS	Notes	2018 $ 000 (Audited)	2017 $ 000 (Audited)
Net cash outflow from operating activities	29	(1 558)	(6 215)
Investing activities			
Acquisition of property plant and equipment	10	(196)	(1 592)
Acquisition of intangible assets	8	(272)	(704)
Disposal of discontinued operation net of cash disposed of		-	(84)
Acquisition of investment	9	-	(2 986)
Proceeds on sale of investment	9	243	-
Net cash used in investing activities		(225)	(5 366)
Financing activities			
Repayment of borrowings	17	(25)	(65)
Repayment of warrant liability	20	(204)	-
Proceeds from loan granted	17	300	-
Proceeds from issue of loan notes	18	-	523
Net proceeds from issue of share capital	19	1 415	11 101
Finance charges		(38)	(18)
Repayment of finance lease		(71)	(71)
Net cash from financing activities		1 377	11 470
Net decrease in cash and cash equivalents		(406)	(111)
Cash and cash equivalents at beginning of year		134	244
Effect of foreign exchange rate variation		-	1
Net cash and cash equivalents at end of year		(272)	134

The notes on pages 30 to 81 are an integral part of these consolidated financial statements.

1. Reporting entity

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 accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in issue and as endorsed by the European Union ("EU"). They were authorised for issue by the Company's board of directors on 30 June 2019.

Details of the Group's accounting policies are detailed below.

This is the first set of the Group's financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 3 below.

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 applied consistent across the Group and to all periods presented in these consolidated financial statements.

Functional and presentation currency

The Group's presentation currency and the functional currency of the majority of the group's entities is US dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

For details of the use of judgments and estimates refer to note 5 and detailed notes on the Intangible assets and goodwill (note 8), Investments (note 9), Property, plant and equipment (note 10), Inventories (note 11), Trade and other receivables (note 12) and Share based payment and warrant reserve (note 20).

3. Changes in significant accounting policies

The Group has initially applied IFRS 15 (see 3.1 below) and IFRS 9 (see 3.2 below) from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. There is no effect of initially applying these standards.

3.1. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction

Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated, i.e. it is presented as previously reported under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have been applied to the comparative information.

Sales of goods

For the sale of wolframite, revenue was previously recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue was recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods, which for the sale of wolframite is when the wolframite is delivered to the customer's premises. Accordingly there is no impact of IFRS 15 on the prior year figures, as all contracts are concluded once the customer takes delivery of the products sold.

The following tables summarise the impacts of adopting IFRS 15 on the Group's statement of financial position as at 31 December 2018 and it's statement of profit and loss and other comprehensive income for the year then ended for each line item that would be affected by the adoption of IFRS 15. There was no material impact on the Group's statement of cash flows for the year ended 31 December 2018.

Impact on the consolidated statement of financial position.

31 December 2018	**Note**	**As reported $ 000**	**Adjustments $ 000**	**Amounts without the adoption of IFRS 15 $ 000**
Assets				
Inventories		26	-	26
Trade and other receivables		53	-	53
Other assets		6 279	-	6 279
Total assets		6 358	-	6 358
LIABILITIES				
Bank overdraft		(288)	-	(288)
Trade and other payables		(2 957)	-	(2 957)
Other financial liabilities		(1 290)	-	(1 290)
Total liabilities		(4 535)	-	(4 535)
Total net assets		1 823	-	1 823
EQUITY				
Other equity		48 950	-	48 950
Retained earnings		(34 423)	-	(34 423)
Non-controlling interest		(12 704)	-	(12 704)
Total equity		1 823	-	1 823

Impact on the consolidated statement of profit and loss and other comprehensive income

31 December 2018	Note	As reported $ 000	Adjustments $ 000	Amounts without the adoption of IFRS 15 $ 000
Continuing operations				
Revenue		168	-	168
Cost of sales		(179)	-	(179)
Impairment loss on trade receivables and contract assets		-	-	-
Income tax expense		-	-	-
Others		(7 747)	-	(7 747)
Loss for the period		(7 758)	-	(7 758)
Total comprehensive loss for the period		(7 758)	-	(7 758)

IFRS 15 had no impact on the consolidated statements of financial position nor the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2017.

IFRS 15 requires additional disclosure in terms of the sources of revenue as follows:

	2018 $ 000	2017 $ 000
Major product/service lines		
Sale of Wolframite	155	349
Sale of scrap	1	-
Reserve Bank of Zimbabwe Export Incentive	12	19
Total revenue	168	368
Primary Geographical Markets		
Africa	168	368
	168	368
Timing of revenue recognition		
Products transferred at a point in time	168	368
	168	368

Sale of wolframite: Under IAS 18, revenue was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. Revenue was measured net of returns, trade discounts and volume rebates. The timing of the transfer of risks and rewards varied depending on the individual terms of the sales agreement.

Under IFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, for those contracts for which the Group was unable to make a reasonable estimate of returns, revenue is recognised sooner under IFRS 15 than under IAS 18. The impact of these changes on items other than revenue is a decrease in the refund liability, which is included in trade and other payables. In addition, there is a new asset for the right to recover returned goods, which is part of inventory.

Sale of scrap: Under IAS 18, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provided that all of the other criteria for revenue recognition were met. The sale of scrap is not subject to return and as such is fully recognised at the time when the buyer gains control over the goods.

Reserve Bank of Zimbabwe Export Incentive: Under IAS 18, revenue for these contracts was recognised when a reasonable estimate of the incentive could be made, provided that all other criteria for revenue recognition were met. The RBZ Export Incentive is recognised as and when it is received.

3.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Impairment losses on other financial assets are presented under "finance costs", similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principle classifications of financial assets, namely 1) measured at amortised costs; 2) Fair value through other comprehensive income (FVOCI) and 3) fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9 derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never separated. Instead, the financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 30.

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount $ 000	New carrying amount $ 000
Financial Assets					
Equity securities	a	Available-for-sale	FVOCI - equity instrument	6 263	6 263
Trade and other receivables	b	Loans and receivables	Amortised cost	53	53
Cash and cash equivalents		Loans and receivables	Amortised cost	16	16
Total financial assets				6 332	6 332
Financial liabilities					
Bank overdrafts		Other financial liabilities	Other financial liabilities	(288)	(288)
Shareholder's loan		Other financial liabilities	Other financial liabilities	(213)	(213)
Trade and other payables		Other financial liabilities	Other financial liabilities	(2 957)	(2 957)
Finance lease liability		Other financial liabilities	Other financial liabilities	(94)	(94)
Total financial liabilities				(3 552)	(3 552)

Note a: These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Note b: Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

The Group did not restate the carrying amounts of any financial assets or financial liabilities on 1 January 2018.

ii. Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss (ECL)" model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39, see Note 30.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in no additional impairment.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as describe below:

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have been restated only for retrospective application. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at fair value through OCI (FVOCI).

4. Significant accounting policies

4.1 Basis of consolidation

Subsidiaries are all 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 (note 5).

Subsidiaries are consolidated, using the acquisition method, from the date that control is gained and non-controlling interests are apportioned on a proportional basis.

When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

4.2 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.

4.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

4.4 Non-controlling interests ("NCI")

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.6 Foreign currency

4.6.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

4.6.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into dollars at the exchange rates at the dates of the transactions.
Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4.7 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

4.8 Adoption of new and revised standards

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following standards are not expected to have a material impact on the Group's financial statements in the period of initial application. The significant standards have been elaborated on below.

Title	Subject	Effective date
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

IFRS 16 *Leases*

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements. This is not expected to have a material impact on the group because the group has only one lease, which is currently treated as a finance lease.

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.

4.9 Revenue

Performance obligations and service recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over of goods or services to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. For the accounting policy on onerous contracts, see Note 12.

Type of product/ service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15 (applicable from 1 January 2018)**	**Revenue recognition under IAS 18 (applicable before 1 January 2018)**
Wolframite sales	Customers obtain control of the wolframite ore when the ore has been delivered to and have been accepted at their premises or the agreed point of delivery. Invoices are generated at that point in time based on the agreed upon weight of the ore. Invoices are generally payable within 30 days. No discounts are provided for. The sale of the ore is not subject to a return policy.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises or the agreed point of delivery.	Revenue was recognised when the goods were delivered to the customer’s premises or the agreed point of delivery.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 (applicable before 1 January 2018)
Scrap sales	Customers obtain control of the scrap when the scrap has been delivered to and have been accepted at their premises or the agreed point of delivery. Invoices are generated at that point in time based upon the agreed upon weight of the scrap. Invoices are generally payable within 30 days. No discounts are provided for. The sale of the scrap is not subject to a return policy.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises or the agreed point of delivery.	Revenue was recognised when the goods were delivered to the customer's premises or the agreed upon point of delivery, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership were transferred.
Reserve Bank of Zimbabwe Export Incentive	The Export Incentive is provided on an individual basis and has to be applied for. It is based on the export sales of the company. As such the revenue from the RBZ is not guaranteed.	The Group gains control over the export incentive when it is received in the Group's bank accounts.	Revenue for these contracts was recognised when a reasonable estimate of the incentive could be made, provided that all other criteria for revenue recognition were met.

4.10 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment arrangements

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.

Share-based payments are measured at fair value 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.

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 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. 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. There were no re-set events during 2017 nor 2018.

4.11 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- Interest expense;
- dividend income;

Interest income and expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset, if the asset is no-longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.12 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

4.12.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4.12.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and — taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.13 Intangible assets and goodwill

All costs of Exploration and Evaluation ("E&E") are initially capitalised as intangible assets, such as payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing. The 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 assets are not amortised.

Intangible 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 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 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.

When impairment indicators 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.

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 and recognised in profit or loss.

Any impairment loss is recognised in profit or loss and separately disclosed.

4.14 Impairment

Policy applicable after 1 January 2018

4.14.1 Non-derivative financial assets

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisiation; or
- the disappearance of an active market for a security because of financial difficulties.

A 12 months approach is followed in determining the Expected Credit Loss ("ECL").

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures of recovery of the amounts due.

Policy applicable before 1 January 2018

4.14.2 Non-derivative financial assets

Financial assets not classified as at FVTPL are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

4.14.3 Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

4.14.4 Available for sale financial asset

Impairment losses on available-for-sale financial assets are recognised, only when fair value is less than carrying value and this is significant over a prolonged period, by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

4.14.5 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, 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 CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.15 Cash and cash equivalents

The Cash and cash equivalent comprises of bank accounts and bank overdraft. Cash and cash equivalent are measured at amortised cost.

4.16 Inventory

Inventory is measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. The cost of inventories includes 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.

Inventory consists of mining consumables.

4.17 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Land & buildings – 10 years
- Plant & equipment – 4/6 years
- Mine development - depreciated over the life of the mine currently assessed at 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.18 Financial instruments

The Group classifies non-derivative financial assets into the following categories: loans and receivables and FVTPL and FVTOCI financial assets.

The Group classifies non-derivative financial liabilities into the following category: other financial liabilities.

4.18.1 Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Gains or losses on derecognition of financial liabilities are recognised in profit or loss as a finance charge.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.18.2 Loans and receivables- Measurement

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

4.18.3 Assets at FVOCI - Measurement

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the revaluation reserve.

When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

4.18.4 Non-derivative financial liabilities – Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

4.18.5 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).

Compound financial instruments issued by the Group comprise convertible notes denominated in dollars that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

4.19 Provisions - Rehabilitation

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 profit or loss 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 profit or loss 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 profit or loss. 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

4.20 Equity

Equity comprises the following:

- Share capital - ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
- Share-options and warrant reserve - represents equity-settled share-based payments.
- Accumulated loss represent retained profits less retained losses.
- Revaluation reserve represents the difference between the nominal value of shares issued by the Company to the shareholders of ZimDiv Holdings Limited ("Zimdiv") and the nominal value of the ZimDiv shares taken in exchange.
- Non-controlling interests represents the share of retained profits less retained losses of the non-controlling interests.

4.21 Leases

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

4.21.1 *Leased assets*

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

4.21.2 *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is 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.

4.22 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.

5. Significant accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:
- Note 5.7 - consolidation: whether the Group has de facto control over an investee; and
- Note 14 - leases: whether an arrangement contains a lease.

5.2. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 December 2018 is included in the following notes:
- Note 26 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 5.4 - Recoverability of exploration and evaluation assets: key assumptions underlying recoverable amounts;

- Note 5.5 - Recoverability of RHA Cash-Generating Unit "CGU": key assumptions underlying recoverable amounts
- Note 15 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

5.3. *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 20 - share-based payment arrangements;
- Note 30 - financial instruments.

5.4 *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 or fair value less cost to sell.

The carrying amount of exploration and evaluation assets at 31 December 2018 amounted to nil (2017: $4,291 million). Refer to note 8 for the assumptions used. During the current financial year there was an adverse movement in the price of spodumene which resulted in the Exploration and evaluation assets being fully impaired (2017: unimpaired).

5.5 *Recoverability of RHA Cash-Generating Unit "CGU"*

Determining whether a CGU 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 the greater of fair value less cost of disposal, and, 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 the present value.

During 2017 the operating losses at RHA were higher than predicted due to operations in the open pit and underground failing to deliver both the ore volumes and the anticipated grade. The operating losses are an indicator of potential impairment. In December 2017, due to the lower ore delivery, anticipated grade and operating losses, the Board of Directors decided to place the RHA Tungsten mine under care and maintenance.

As a result, management completed an impairment review.

The impairment review concluded that four months further capex will be required in order to open the existing underground mining of 6,000 tons per month run of mine ore. Concurrently additional plant upgrades and a connection to the national grid would result in a 40,000 ton per month run of mine ore operation. A further option to construct a new decline vehicle access was not considered during this review.

Key assumptions used in calculating the discounted cash flow analysis included:

- 7,265 mtu concentrate production per month; 10 year mine plan; APT price of $275 per metric ton unit ('mtu');
- 20% discount rate; and a zero growth rate in operating cash flow after the plant is fully operational, forecast to be for the full year 2019. 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 90% of the mineralisation in a mass pull of some 5%.
- The model assumes annual revenues of $13.1m from 2020. Revenue generation is dependent on a number of inter-linked assumptions and a combination of negative changes in those assumptions would result in further impairment charges.

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

The management assessment concluded that the RHA Tungsten mine should be impaired in full. The impairment loss amounted to $0,244 million (2017: $9,809 million).

In the event that the RHA negotiations are not successful, the alternatives proposed by the independent engineering practice are considered impractical and the Group is unable to obtain additional debt or equity finance for RHA, a material uncertainty exists which may cast significant doubt on the ability of RHA to realise its assets in the normal course of business.

The management of RHA successfully concluded its negotiations subsequent to the year end, however at the date of this report the full amount of the agreed upon funding has yet to be received. Accordingly, management felt that it was prudent to maintain the impairment until such time as the counterparty has fulfilled its contractual obligations.

The company will not fund any of the activities at RHA after 1 July 2019.

5.6 *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, 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. The life of mine has subsequently been reassessed to a total of 10 years.

5.7 *Basis of consolidation*

RHA Tungsten (Private) Limited

During 2013, Premier concluded a shareholders' agreement with NIEEF whereby NIEEF acquired 51% of the shares of 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, one director of RHA was from the Premier Group and one director from NIEEF. 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 of 51% in the consolidated financial statements.

5.8 Valuations

- Investments – Premier's investment in Circum Minerals Limited ('Circum') is classified as an FVOCI 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. The Fair value of the Circum shares as at 31 December 2018 was derived using the most recent placing price in April 2019.
- 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 20.
- Investment – Premier's investment in Casa Mining Limited ('Casa') is classified as FVTPL and as such is required to be measured at fair value at each reporting date. As Casa is unlisted there are no quoted market prices. The fair value of the Casa shares as at 31 December 2017 was derived using the most recent placing price on 23 August 2017. A fair value adjustment was required for the investment in Arc Minerals for the shares sold during 2018. Refer to note 9.
- Provision for Rehabilitation - A provision is recognised for site rehabilitation and decommissioning of current mining activities based on current environmental and regulatory requirements. The net present value of the provision is calculated at a discount rate of 10% over an 8 year life of mine.
- The life of mine has subsequently been reassessed to a total of 10 years. The corresponding rehabilitation assets was capitalised to property, plant and equipment and is depreciated over the life of the mine.

6. 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 operating losses from continuing operations amounting to $2,845 million (2017: $8,205 million) and negative cash flows from operations amounting to $1,558 million for the year ended 31 December 2018 (2017: $6,215 million) as the Group continued to maintain RHA in care and maintenance, attempted to advance Zulu through the proposed Cadance joint venture processes described above in this report and explored new opportunities to diversify and mitigate general risks associated with our Zimbabwe based projects.

As at 31 December 2018, current liabilities exceeded current assets by $3,423 million (2017: $1,843 million). The Group raised $1,715 million (2017: $11,101 million) in net funding through share subscriptions to fund holding costs at RHA inclusive of substantial additional debt incurred through RHA operations during the latter part of 2017, general group maintenance and preservation of assets and to investigate and assess potential diversification as discussed in the paragraph above.

The Directors have prepared cash flow forecasts for the period ending 31 December 2020, on the basis of the following considerations.

RHA

- The Company will not fund any of the activities at RHA after 1 July 2019.
- RHA concluded an agreement with NIEEF on 30 April 2019 in terms of which NIEEF undertook to provide $6 million funding to bring RHA back into production.
- On 24 June 2019, NIEEF deposited RTGS6 million to the bank account of RHA.
- RTGS is the Zimbabwean local currency that is the sole legal tender now used in Zimbabwe.
- Simultaneous with this, $ denominated bank accounts have been converted on a one to one basis to RTGS.
- At this point in time, it is not clear whether this deposit is adequate to bring RHA back into production.

Zulu

- The Company will seek to secure the EPO for Zulu and thereafter fund development of Zulu on the basis of a "farm-in" or joint venture agreement with prospective partners.
- The Company will only maintain the tenements and will not provide any further funding.

The Group

- Repayment of all debt settlement agreements entered into amounting to $0,926 million

- The Company raised a convertible loan of $350 000 in June 2019, and the cash flow is dependent on additional capital being raised. There remains an active and liquid market for the Company's shares and the Company has historically been able to raise funding through equity placements and the Board believes that it will continue to be able secure the funds required for ongoing working capital needs going forward.
- The Company will seek to diversify its operations and risk profile and limit the funds that need to be raised through equity placements to provide necessary funding for the Company's significantly reduced fixed overhead.

In the event that the Company is unable to obtain additional equity finance for the Group's working capital, a material uncertainty exists which may cast significant doubt on the ability of the Group to continue as a going concern and therefore be unable to realise its assets and settle its liabilities in the normal course of business.

7. Operating segments

The group has the following two reportable segments that are managed separately due to the different jurisdictions.

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

Reportable segments	Operations
RHA and RHA Mauritius	Development and mining of Wolframite
Zulu and Zulu Mauritius	Development of Lithium and Tantalite

By operating segment 2018	Unallocated Corporate $ 000	RHA Tungsten Mine Zimbabwe and RHA Mauritius* $ 000	Exploration Zulu Lithium Zimbabwe and Zulu Mauritius $ 000	Total continued operations $ 000
Result				
Revenue (1)	-	(168)	-	(168)
Operating loss	1 791	1 053	-	2 844
Fair value movement on investment	(47)	-	-	(47)
Impairment of RHA	-	244	-	244
Finance charges	7	146	-	153
Impairment of Zulu	-	-	4 563	4 563
Loss before taxation	1 751	1 443	4 563	7 757
Assets				
Exploration and evaluation assets	-	-	-	-
Investments	6 263	-	-	6 263
Inventories	-	26	-	26
Trade and other receivables	15	38	-	53
Cash	2	11	2	16
Total assets	6 280	75	2	6 358
Liabilities				
Other financial liabilities	-	(94)	-	(94)
Borrowings	(213)	-	-	(213)
Bank overdraft	-	(288)	-	(288)
Trade and other payables	(1 313)	(1 645)	-	(2 957)
Provisions	-	(983)	-	(983)
Total liabilities	(1 526)	(3 009)	-	(4 535)
Net assets	4 754	(2 934)	2	1 823
Other information				
Depreciation and amortisation	-	-	-	-
Property plant and equipment additions	-	196	-	196
Costs capitalised to intangible assets	-	-	272	272

By operating segment 2017	Unallocated Corporate $ 000	RHA Tungsten Mine Zimbabwe and RHA Mauritius* $ 000	Exploration Zulu Lithium Zimbabwe and Zulu Mauritius $ 000	Total continued operations $ 000	TCT IF** Mozambique discontinued operation $ 000	Total $ 000
Result						
Revenue (1)	-	368	-	368	246	614
Operating loss	(2 419)	(5 729)	-	(8 148)	(114)	(8 262)
Loss before taxation	(3 891)	(15 684)	-	(19 575)	(136)	(19 711)
Assets						
Exploration and evaluation assets	-	-	4 291	4 291	-	4 291
Investments	6 459	-	-	6 459	-	6 459
Trade and other receivables	18	221	-	239	-	239
Cash	306	2	8	316	-	316
Total assets	6 783	223	4 299	11 305	-	11 305
Liabilities						
Other financial liabilities	-	155	-	155	-	155
Borrowings	216	-	-	216	-	216
Bank overdraft	-	182	-	182	-	182
Trade and other payables	753	1 188	1	1 942	-	1 942
Provisions	-	917	-	917	-	917
Total liabilities	969	2 442	1	3 412	-	3 412
Net assets	5 814	(2 219)	4 298	7 893	-	7 893
Other information						
Depreciation and amortisation	-	(1 378)	-	(1 378)	(93)	(1 471)
Property plant and equipment additions	-	1 473	-	1 473	-	1 473

*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 21.

**Represents 100% of the results and financial position of TCT Industrias Florestais Limitada (“TCT IF”) whereas the Group owns 52%. Non-controlling interests are disclosed in note 21.

(1) RHA Revenue is generated from sales to Noble Minerals, in line with RHA’s off-take agreement.

8. Intangible assets and goodwill

	2018	2017
	$ 000	**$ 000**
Exploration and evaluations assets	-	4 291
Total intangible assets	-	4 291

	Exploration & Evaluation assets $ 000	Other intangible assets (Forestry concession) $ 000	Total $ 000
Opening carrying value 2017	5 436	1 022	6 458
Expenditure on Exploration and evaluation	704	-	704
Exploration and evaluation transfer from PPE	119	-	119
Amortisation charge forestry concession	-	(93)	(93)
Disposal - limestone license	(1 968)	-	(1 968)
Disposal - forestry concession	-	(929)	(929)
Opening carrying value 2018	4 291	-	4 291
Expenditure on Exploration and evaluation	272	-	272
Impairment of Exploration and evaluation assets	(4 563)	-	(4 563)
Closing carrying value 2018	-	-	-

The impairment loss amounted to $4,563 million (2017 $nil)Exploration and evaluation assets at 31 December 2018 comprise of Zulu located in Zimbabwe. In the prior year the exploration and evaluation assets comprised the Zulu and the limestone licence in Mozambique.

Zulu Lithium and Tantalite Project

During the year $0,272 million (2017: $0,822 million) exploration costs were incurred and capitalised to Zulu. 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 recent drop in the price of Spodumene to $700/t coupled with the political uncertainty and resulting country risk included in the discount rate applied to Zimbabwe has resulted in the directors deciding to impair Zulu in full for the year ended 31 December 2018. The impairment amounted to $2,491 million (2017 - $nil).

Key assumptions applied in calculating the discounted cash flow analysis included:

- Targeted annual production of spodumene concentrate 84 000 tonnes
- Targeted annual production of petalite concentrate 32 500 tonnes
- Price of spodumene concentrate $800/t
- Price of petalite concentrate $400/t
- Discount rate 10%
- Operating costs per combined tonnage of concentrate $486/t
- Estimated 15 year life of mine
- Average strip ratio of 5,5:1

9. Investments

	Circum Minerals $ 000	Arc Minerals * Mining $ 000	Total $ 000
Opening carrying value 2017 (1)	**4 000**	**250**	**4 250**
Shares acquired (5)(6)	4 152	50	4 202
Fair value adjustment (7)(8)	(1 889)	(104)	(1 993)
Closing carrying value 2017	**6 263**	**196**	**6 459**
Shares acquired	-	-	-
Fair value adjustment	-	47	47
Shares disposed (9)(10)(11)(12)(13)	-	(243)	(243)
Closing carrying value 2018	**6 263**	**-**	**6 263**
Reconciliation of movements in investments			
Investment in Circum Minerals Limited – 15 May 2014	1 400	-	1 400
Fair value adjustment - February 2015(2)	1 100	-	1 100
Fair value adjustment – June 2015(3)	1 500	-	1 500
Investment in Casa Mining Limited(4)	-	250	250
Opening carrying value 2017	4 000	250	4 250
Acquisition at fair value (5)	-	50	50
Acquisition at fair value 2017(6)	2 936	-	2 936
Issue of Premier shares (6)	1 216	-	1 216
Fair value adjustment – 31 December 2017(7)(8)	(1 889)	(104)	(1 993)
Opening carrying value 2018	6 263	196	6 459
Fair value adjustment – 31 December 2018(8)	-	47	47
Sale of shares (9)(10)(11)(12)(13)	-	(243)	(243)
	6 263	**-**	**6 263**

* On 6 November 2017, Arc Minerals (formerly known as Ortac Resources Limited) announced that it would make an offer to acquire all of the outstanding shares in Casa Mining Limited (“Casa”) ("Sale Shares") for a consideration of 14.85 shares in Arc Minerals for each Sale Share (the "Casa Offer"). The Casa offer closed on 10 May 2018 and Premier converted 412 500 Casa shares into 6 128 822 new Arc Minerals shares. As at 31 December 2018 all shares were sold in Arc Minerals (2017:$0,196 million).

Arc Minerals (formerly known as Ortac Resources Limited) was designated on 1 January 2018 as FVTPL.
Circum Minerals was designated on 1 January 2018 as FVOCI.

(1) Represents 2 million shares in unlisted entity Circum Minerals Limited (‘Circum’).
(2) 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 $1.25 per share.
(3) Fair value of the shares was adjusted to the most recent placing price of $2 per share during August 2015.
(4) Represents a 4.5% interest in Casa acquired in October 2016.
(5) Represents a 0.5% interest in Casa acquired in 2017.
(6) Represents a further 3 010 333 shares in Circum Minerals Limited settled by the issue of Premier’s shares at $1,50 per share being a premium to the prevailing market price to compensate for potential market fluctuations in the price of the company’s shares.
(7) As Circum is unlisted there are no quoted market prices. Fair value of the shares was therefore estimated using the latest price at which the Company acquired shares during 2017 (at $1.25 per share).
(8) The fair value of the Casa Mining Limited shares were derived from the swop values of shares acquired
(9) Sale of Arc Minerals Shares 2 500 000 @ 0.0315 GBP
(10) Sale of Arc Minerals Shares 500 000 @ 0.03225 GBP
(11) Sale of Arc Minerals Shares 651 456 @ 0.0285 GBP

(12) Sale of Arc Minerals Shares 2 200 000 @ 0.03025 GBP
(13) Sale of Arc Minerals Shares 277 366 @ 0.0301 GBP

The shares are considered to be level 3 financial assets under the IFRS 13 categorisation of fair value measurements.
We continue to hold 5 010 333 shares in Circum currently valued in total at $6 262 916.25. Circum has published a general update to shareholders in June 2019 and the major shareholders and directors are now fully coordinated in their intention to generate a liquidity event for shareholders before the end of 2019.

The fair value of these investments at 31 December 2018 amounted to $6,263 million (2017: $6,459 million).

Premier's investment in Circum is classified as FVOCI and as such is required to be measured at fair value at each reporting date. As Circum is unlisted there are no quoted market prices. The fair value of the Circum shares was derived using the previous issue price and validating it against the most recent placing price on 30 April 2019.

Sensitivity analysis
The investments are subject to changes in market prices. A 10% reduction in market prices would result in a $0,625 million (2017: $0,625 million) charge to Other Comprehensive Income, and nil (2017: $0,020 million) in profit and loss.

10. Property, plant and equipment

	Mine Development	**Plant and Equipment**	**Land and Buildings**	**Total**
	$ 000	$ 000	$ 000	$ 000
Cost				
At 1 January 2017	7 682	3 515	813	12 010
Additions	845	693	43	1 581
Additions TCT IF		11	-	11
Transfer to E&E	(119)	-	-	(119)
Disposal of TCT IF	-	(104)	(4)	(108)
At 31 December 2017	8 408	4 115	852	13 375
Additions	1	195	-	196
Disposals	-	-	-	-
At 31 December 2018	8 409	4 310	852	13 571
Accumulated Depreciation and Impairment Losses				
At 1 January 2017	1 402	704	129	2 045
Charge for the year	639	571	121	1 521
Charge for the year TCT IF	-	39	8	47
Disposal of TCT IF	-	(39)	(8)	(47)
Impairment of RHA	6 367	2 840	602	9 809
At 31 December 2017	8 408	4 115	852	13 375
Charge for the period	-	-	-	-
Impairment of RHA	1	195	-	196
At 31 December 2018	8 409	4 310	852	13 571
Net Book Value				
At 31 December 2017	-	-	-	-
At 31 December 2018	-	-	-	-

The impairment assessment is detailed in note 5.5, *Significant accounting judgements, estimates and assumptions.*

Refer note 14, *Other financial liabilities* for capitalised lease assets.

Premier has demanded immediate remedy of RHA default under the plant rental contract which is secured by RHA mineral claims certificates. On the 29 March 2019 an agreement was reached whereby $0,010 million per month from 31 March 2019 would be paid.

11. Inventories

	2018	2017
	$ 000	$ 000
Mine consumables	26	-
	26	-

Inventories consist of spares and consumable. During 2017, a decision to place the RHA mine under care and maintenance, production cost inventories to the value of $0,795 million was impaired. Such impairment was recognised as cost of sales.

12. Trade and other receivables

	2018	2017
	$ 000	$ 000
Indirect tax receivable	21	203
Other receivables	7	15
Prepayments	25	21
	53	239
Current	53	239
Non-current	-	-
	53	239

The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

As at 31 December 2018 the Group does not have any contract assets nor any contract liabilities arising out of contracts with customers relating to the Group's right to receive consideration for work completed but not billed.

Credit and market risks, and impairment losses

The Group did not impair any of its trade receivables as at 31 December 2018, as all trade receivables generated during the financial year were settled in full prior to the year-end.

Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 30.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

13. Cash and cash equivalents

	2018	2017
	$ 000	$ 000
Bank balances	16	316
Bank overdrafts	(288)	(182)
Cash and cash equivalents per the statement of cash flows	(272)	134

The bank overdraft facility of RHA amounting to $0,300 million held with Nedbank Zimbabwe is secured as follows:

- Subordination of loans
- Cession and assignment of stock and debtors
- NGCB - $0,200 million
- Unlimited guarantees.

14. Finance lease liabilities

Finance lease

During 2015, the Group entered into a finance lease with Board Market Trading 258 (Pty) Ltd for the purchase of two generators with a net book value of $0,124 million to be used at RHA. The finance lease is for a term of 48 months with interest charged at 19.5% per annum with monthly repayments of $0,006 million beginning from 1 August 2016. Depreciation of leased assets amounted to nil (2017: $0,033 million).

The agreement is classified as a finance lease as the rental period equal the estimated useful 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:

2018	**Minimum lease payments $ 000**	**Interest $ 000**	**Present value of minimum lease payments $ 000**
Not later than one year	72	12	60
Between one year and five years	36	2	34
	108	14	94

2017	**Minimum lease payments $ 000**	**Interest $ 000**	**Present value of minimum lease payments $ 000**
Not later than one year	72	14	58
Between one year and five years	113	16	97
	185	30	155

	2018 $ 000	**2017 $ 000**
Finance lease liability	94	155
	94	155
Other financial liabilities		
Current	60	58
Non-current	34	97
	94	155

15. Provisions - rehabilitation

	2018 $ 000	**2017 $ 000**
As at 1 January	917	809
Unwinding of discount	66	108

As at 31 December	983	917

A provision is recognised for site rehabilitation and decommissioning of current mining activities based on current environmental and regulatory requirements. The gross provision was calculated in 2014 and discounted to a net present value using a discount rate of 10% over a life of mine of 8 years. The corresponding rehabilitation assets was capitalised to property, plant and equipment and is depreciated over the life of the mine.

16. Trade and other payables

	2018	2017
	$ 000	$ 000
Trade payables *	1 188	362
Accrued expenses	1 211	1 011
Payroll liabilities	558	569
	2 957	1 942

All trade and other payables at 31 December 2018 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.

* On 11 March 2019, amounts owing to JRG Consulting amounted to $0,190 million and ZAR 0,245 million (exchange rate of 0.0694 amounts to $0,017 million). Interest is charged at 12% per annum, compounded monthly. Repayments are agreed at $0,055 million per month. At year-end $0,207 million (2017: $0,248) was outstanding in terms of the Memorandum of Agreement.
* In April 2018 Brendan Roach loaned the company GBP 0,084 million. As at year end, the loan was still outstanding.
* On the 31 July 2018 RHA entered into an agreement with Whaleside Shaft Sinkers to settle the outstanding debt of $0,103 million which includes interest as at 31 December 2018. The company agreed to pay $0,020 million per month from 1 January 2019.
* At 31 December 2018 there was an amount outstanding of $0,459 relating to consulting fees. In May 2019 most of these fees were settled through shares.

17. Borrowings

	2018 (Audited) $ 000	2017 (Audited) $ 000
Loan G Roach – see related party transactions	213	216
	213	216
Reconciliation of movement in borrowings		
As at 1 January	216	566
Loans received	300	-
Loans repaid through conversion to equity (1) (3)	(300)	(100)
Offset of loan against receivable (2)	-	(196)
Repayment	(25)	(65)
Implementation fee	15	-
Accrued interest	7	11
As at 31 December	213	216
Current	213	216
Non-current	-	-
	213	216

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 15 September 2015, George Roach provided a $0,300 million loan direct to Premier for the use at 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 $ 0,309 million. 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. On 15 December 2017 the company announced that George Roach had elected to convert $0,100 million of the $0,300 million he provided to the Company. The outstanding loan balance of $0,213 million continues to accrue interest at 3%.

(2) On 27 April 2015 the Company entered into a two year $0,250 million loan facility with AgriMinco. ("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 $0,261 million including accrued interest) would be offset by the historic amounts owed by AgriMinco (amounting to $0,196 million). The net balance owed by Premier amounted to $0,065 million and Premier agreed to repay AgriMinco in four equal instalments of $0,012 million from 15 March 2017, with an initial amount of $0,016 million on execution of the settlement agreement. This balance was paid in full at year end.

(3) On 5 June 2018 the Company entered into a loan with a company owned by a Trust of which George Roach is a beneficiary, for a gross value of $0,300 million to assist with its cash flow requirements. The Loan carries an implementation fee of US$0,015 million (5%) and a redemption fee of US$0,015 million (5%). On 9 November 2018, the Company converted the George Roach loan by issuing 142,045,455 shares at an issue price of 0.16p per share for a total value of $0,300 million.

18. Loan notes and derivatives

	2018 $ 000	2017 $ 000
Convertible loan notes		
As at 1 January	-	1 874
Loans notes issued	-	523
Loan notes converted (note 18)	-	(2 393)
Deferred finance costs	-	(4)
As at 31 December	-	-

Loan notes

On 23 August 2016, the Company entered into an agreement with Darwin Strategic Limited ("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 would redeem 12 months from the subscription date unless repaid or converted.

The gross amount of the loans issued can be converted 100% of principal into ordinary shares at 90% of the traded share price when certain conditions are met. In the prior year, this conversion option represents a derivative liability for 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 explaining why no value was presented in the 2016 accounts. There were no derivative financial instruments at the end of 2017.

During the current year, the Company issued a further $ 0,523 million of loan notes. Darwin has converted all outstanding loan notes into equity during the period under review.

Until all of the loan notes were converted in February 2017, they were secured by a put option held by the loan note holder that would require George Roach to purchase the shares held in Circum at $2 per share represented a guarantee given by the director. The put option expired on the conversion of the loan notes into ordinary shares.

No loan notes were issued for the year ended 31 December 2018.

19. Share capital

Authorised share capital
9 billion (2017: 7 billion) ordinary shares of no par value.

Issued share capital

	Number of Shares '000	Value $ 000
As at 1 January 2017	**2 111 611**	**29 457**
Shares issued on conversion for fees (1)	5 455	18
Shares issued on conversion of loan notes (2)	204 122	646
Shares issued under subscription agreement (3)	526 316	1 250
Shares issued under subscription agreement (4)	5 263	13
Shares issued under subscription agreement (5)	5 263	13
Shares issued under subscription agreement (6)	105 263	249
Shares issued on conversion of loan notes (7)	196 431	559
Shares issued on conversion of loan notes (8)	196 431	562
Shares issued on conversion of loan notes (9)	294 646	834
Shares issued on conversion of loan notes (10)	317 844	932
Shares issued on conversion of loan notes (11)	14 098	125
Shares issued under subscription agreement (12)	402 279	2 514
Shares issued on conversion for fees (13)	3 000	19
Shares issued on conversion for fees (14)	3 000	19
Shares issued to increase holding (15)	189 492	765
Shares issued under subscription agreement (16)	685 714	1 983
Shares issued to increase holding (17)	87 500	451
Shares issued on warrant exercise (18)	3 559	12
Shares issued to increase holding (19)	236 167	1 363
Shares issued under subscription agreement (20)	654 762	3 338
Shares issued under subscription agreement (21)	252 031	1 345
Shares issued on conversion for fees (22)	59 756	393
Shares issued on conversion of loan (23)	14 964	100
As at 31 December 2017	**6 574 967**	**46 960**
Shares issued on warrant exercise (24)	250 000	563
Shares issued under subscription agreement (25)	416 667	975
Shares issued on conversion of loan (26)	142 045	300
As at 31 December 2018	**7 383 679**	**48 798**
Less cumulative share costs		2 925
Net share capital as at 31 December 2018		**45 873**

(1) On 1 January2017, the Company issued 5,454,545 shares at an issue price of 0.275p per share for a total value of £0.015 million ($0,018 million) for conversion of Directors fees.
(2) On 3 January 2017, the Company issued 204 121 975 shares to Darwin on conversion of £0.475 million of loan notes (note 17) at an issue price of 0.232704p per share. The issue price represents 90% of the share price around the date of conversion.
(3) On 30 January 2017, the Company issued 526 315 789 shares under a subscription agreement at a price of 0.19p per share.
(4) On 30 January 2017, the Company issued 5 263 158 shares under a subscription agreement at a price of 0.19p per share.

(5) On 30 January 2017, the Company issued 5 263 158 shares under a subscription agreement at a price of 0.19p per share
(6) On 30 January 2017, the Company issued 105 263 158 shares under a subscription agreement at a price of 0.19p per share
(7) On 31 January 2017, the Company issued 196 430 851 shares to Darwin on conversion of £0.400 million of loan notes (note 17) at an issue price of 0.203634p per share. The issue price represents 90% of the share price around the date of conversion.
(8) On 1 February 2017, the Company issued 196 430 851 shares to Darwin Strategic Limited on conversion of £0.400 million of loan notes (note 17) at an issue price of 0.203634p per share. The issue price represents 90% of the share price around the date of conversion
(9) On 3 February 2017, the Company issued 294 646 277 shares to Darwin on conversion of £0.600 million of loan notes (note 17) at an issue price of 0.203634p per share. The issue price represents 90% of the share price around the date of conversion.
(10) On 7 February 2017, the Company issued 317 844 496 shares to Darwin on conversion of £0.675 million of loan notes (note 17) at an issue price of 0.212368p per share. The issue price represents 90% of the share price around the date of conversion.
(11) On 20 February 2017, the Company issued 14 098 407 shares at an issue price of 0.7093p per share for a total value of £0.0100 million ($124 735) to Afmine for conversion of fees.
(12) On 27 March 2017, the Company issued 402 279 254 shares under a subscription agreement at a price of 0.59p per share
(13) On 31 March2017, the Company issued 3 000 000 shares at an issue price of 0.5p per share for a total value of £0.015 million ($0,019 million) for conversion of Directors fees.
(14) On 31 March2017, the Company issued 3 000 000 shares at an issue price of 0.5p per share for a total value of £0.015 million ($0,019 million) for conversion of Directors fees.
(15) On 7 July 2017, the Company issued 189 491 750 shares to increase holding in Circum at a price of 0.4p per share.
(16) On 31 July 2017, the Company issued 685 714 286 shares under a subscription agreement at a price of 0.7p per share
(17) On 1 August 2017, the Company issued 87 500 070 shares to increase holding in Circum at a price of 0.55p per share.
(18) On 21 August 2017, the Company issued 3 559 479 shares to Darwin on conversion of warrants at an issue price of 0.26p per share.
(19) On 23 August 2017, the Company issued 236 166 840 shares to increase holding in Circum at a price of 0.45p per share.
(20) On 2 October 2017, the Company issued 654 761 906 shares under a subscription agreement at a price of 0.3p per share.
(21) On 21 November 2017, the Company issued 252 031 250 shares under a subscription agreement at a price of 0.4p per share.
(22) On 12 December 2017, the Company issued 59 756 000 shares at an issue price of 0.5p per share to Afmine for conversion of fees.
(23) On 15 December 2017, the Company issued 14 964 020 shares at an issue price of 0.5p per share for a total value of $0,100 million to George Roach for conversion of a portion of his loan.
(24) On 16 March 2018, the Company issued 250 000 000 shares to Darwin on conversion of warrants at an issue price of 0.16p per share.
(25) On 14 August 2018, the Company issued 416 666 667 shares under a subscription agreement at a price of 0.18p per share.
(26) On 9 November 2018, the Company issued 142 045 455 shares at an issue price of 0.16p per share for a total value of $0,300 million to George Roach for conversion of his loan.

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

	2018 $ 000	2017 $ 000
As at 1 January	44 158	27 633
Shares issued under subscription agreements – cash flow	975	12 067
Shares issued to increase investment holding – non-cash	-	1 216
Shares issued on conversion of loans and loan notes (note 17) - non-cash	300	3 759
Shares issued on exercise of warrants – cash flow	563	12
Shares issued on conversion of fees – non-cash	-	449
Share issue costs – cash flow	(123)	(978)
As at 31 December	45 873	44 158

20. Share based payment and warrant reserve

	2018 $ 000	2017 $ 000
Share options and warrants reserve beginning of year	2 393	1 846
Warrants granted	-	143
Share options	177	404
Warrants cancelled	(204)	-
Share options and warrants reserve end of year	2 366	2 393

Share options and warrant arrangements are set out below.

Equity-settled Share base payment arrangement

The Company adopted an 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.

All options are to be settled by the physical delivery of shares.

The fair value of all the share options has been measured using the Black-Scholes Model.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour

The Company has granted the following share options during the years up to 31 December 2018:

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	1.135p	09/02/2014	0.87p
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
Directors	19/01/2017	See 5 below	30 500	0.28p	18/01/2027	0.278p
Consultants	19/01/2017	See 5 below	50 439	0.28p	18/01/2027	0.278p
Directors	19/01/2017	See 5 below	30 500	0.40p	18/01/2027	0.28p
Consultants	19/01/2017	See 5 below	50 439	0.40p	18/01/2027	0. 28p
Totals			**245 936**			

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.

No share options were granted during the year ended 31 December 2018.

During the year ended 31 December 2017, two tranches of 30 500 000 options were granted to directors at 0.28p and 0.40p, respectively, (2016: nil). Consultants were also awarded two tranches of 50 439 000 options at 0.28p and 0.40p, respectively.

The fair value of the options granted during the year ended 31 December 2018 was $0,624 million (2017: $0,624 million). 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.

During the year ended 31 December 2017, $0,404 million was charged to profit and loss and recognised in respect of the above option schemes. The remainder of the fair value will be expensed in profit and loss over the remaining vesting period. No share options were granted during the year ended 31 December 2018.

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	5 250
19/01/2017	18/01/2027	0.28p	80 939	80 939
19/01/2017	18/01/2027	0.40p	80 939	80 939
			200 349	200 349

The following table lists the inputs into the valuation model for the year to 31 December 2017:

	19 January 2017 issue	19 January 2017 issue
Dividend yield (%)	-	-
Expected volatility (%)	236.0	236.0
Risk-free interest rate (%)	1.43	1.43
Share price at grant date	0.28p	0.28p
Exercise price	0.28p	0.40p

The number and weighted-average exercise prices of share options under the share option programmes and replacement awards were as follows:

	2018		2017	
	Shares '000	Weighted Average Exercise Price	Shares '000	Weighted Average Exercise Price
Options outstanding, beginning of year	200 349	0.55p	38 471	1.15p
Granted	-	-	161 878	0.34p
Options outstanding, end of year	**200 349**	**0.55p**	**200 349**	**0.55p**

Warrants

The Company did not grant warrant options during the year (2017: 42,857 million)

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	29/04/2015	16 674	2.96875p	06/05/2018
Subscribers	09/07/2015	1 500	3p	16/05/2018
Funders	15/09/2015	3 559	1.4047p	22/09/2017
Funders	09/10/2015	21 951	1.025p	16/10/2018
Funders	22/08/2016	79 778	0.8437p	29/08/2019
Advisors	20/09/2016	23 000	0.8p	19/09/2019
Funders	15/12/2016	44 000	0.375p	22/12/2019
Funders	26/01/2017	42 857	0.8437p	26/01/2020
Totals		**287 336**		

The assessed fair value of the warrant options granted to funders and advisors 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 interest rate for the term of the options. The fair value of the warrant options granted to funders during the year ended 31 December 2018 was nil (2017: $0,143 million).

The following table lists the inputs into the valuation model for the year to 31 December 2017:

	26 January 2017 issue	22 August 2016 issue	20 September 2016 issue	15 December 2016 issue
Dividend yield (%)	-	-	-	-
Expected volatility (%)	236.0	203.0	206.0	214.0
Risk-free interest rate (%)	1.430	0.56	1.05	1.40
Share price at grant date	0.250p	0.475p	0.475p	0.250p
Exercise price	0.8437p	0.8437p	0.375p	0.800p

A summary of the status of the Company's share warrants as of 31 December 2018 and changes during the year are as follows:

	2018 '000	2017 '000
Warrants outstanding, beginning of year	234 704	200 479
Granted	-	44 801
Expired	-	(3 559)
Exercised	(6 350)	(7 017)
Cancelled *	(205 354)	-
Warrants outstanding, end of year	**23 000**	**234 704**

A payment of $0,204 million was made during 2018 for the cancellation of the warrants above.

The Group has the following warrant options outstanding:

Grant Date	Expiry Date	Exercise Price	Number of options outstanding '000	Number of options vested and exercisable '000
20/09/2016	19/09/2020	0.80p	23 000	23 000
			23 000	**23 000**

21. Non-controlling interest

	2018 $ 000	2017 $ 000
At 1 January	(11 755)	(3 716)
Non-controlling interest at (disposal) / acquisition – TCT IF	-	(935)
Non-controlling interest in share of losses for the year - RHA	(949)	(7 049)
Non-controlling interest in share of losses for the period ended September 2017 – TCT IF	-	(55)
At 31 December	(12 704)	(11 755)

The following table summarises the information relating to each of the Group's subsidiaries that has material Non-controlling interest, before any intra-group eliminations.

	2018 RHA	2017 RHA
Non-controlling Interest percentage	51%	51%
Non-current assets	-	-
Current assets	75	223
Non-current liabilities	(19 791)	(19 518)
Current liabilities	(5 094)	(3 754)
Net assets	(24 810)	(23 049)
Net assets attributed to Non-controlling Interest	(12 704)	(11 755)
Revenue	168	368
Loss	(1 860)	(13 822)
Other Comprehensive Income	-	-
Total comprehensive income	(1 860)	(13 822)
Loss allocated to NCI	(949)	(7 049)

The share of losses in the year represents the losses attributable to non-controlling interests in RHA for the year (2017 – RHA for the year and TCT IF for the nine months ended 30 September 2017).

22. Revenue

	2018 $ 000	2017 $ 000
Major product/service lines		
Sale of Wolframite	155	349
Sale of scrap	1	-
Reserve Bank of Zimbabwe Export Incentive	12	19
Total revenue	168	368
Primary Geographical Markets		
Africa	168	368
	168	368
Timing of revenue recognition		
Products transferred at a point in time	168	368
	168	368

23. Cost of sales excluding depreciation and amortisation

	2018 $ 000	2017 $ 000
Mining contractor	24	661
Staff costs	66	906
Consumables	17	240
Equipment hire and maintenance	57	816
Mining services	3	39
Plant services	2	11
Selling costs	2	32
Net realisable value adjustment of cost of inventory sold	8	-
Inventory write-down / (write-up)	-	795
	179	**3500**

Cost of sales comprises production costs in RHA. The net realisable value adjustment of cost of inventory reflects the impairment of the Inventory holding at RHA at 31 December 2018 as a consequence of the RHA being placed under care and maintenance.

24. Administrative expenses

	2018 $ 000	2017 $ 000
Staff costs	222	461
Consulting and advisory fees	1 107	1 099
Directors' fees	97	74
Audit, accounting and legal fees	303	228
Marketing and public relations	64	152
Travel	268	419
Costs incurred to cease operations	174	-
Security costs	24	42
Vehicle operating costs	64	57
Insurance	43	51
Office and administration	294	465
Foreign exchange losses	(3)	7
Share based payment (note 20)	177	547
	2 834	3 602

25. Finance charges

	2018 $ 000	2017 $ 000
Interest charged by suppliers	6	22
Interest on borrowings	52	235
Derivative financial liability transaction costs	-	(4)
Unwinding of discount on provisions	88	108
Loss on extinguishment of debt	-	1 137
Interest on finance lease	7	9
	153	1 507

26. Taxation

Deferred tax	2018 $ 000	2017 $ 000
As at 1 January	-	983
Disposal of TCT IF	-	(983)
As at 31 December	-	-
Income Tax		
Taxation charge for the year	-	-

There is no taxation charge for the year ended 31 December 2018 (2017: Nil) because the Group is registered in the British Virgin Islands where no corporate taxes or capital gains tax are charged. However, the Group may be liable for taxes in the jurisdictions of the underlying operations.

The Group has incurred tax losses in West Africa and Zimbabwe; however a deferred tax asset has not been recognised in the accounts due to the unpredictability of future profit streams. The accumulative tax losses not recognised at RHA amount to $15,684 million (2016: $13,369 million).

Reconciliation of effective tax rate	2018	2018 $ 000	2017	2017 $ 000
Loss before tax from continuing operations	(7 758)	-	-	(19 607)
Tax using the Zimbabwean company tax rate	25%	1 940	25%	4 902
Tax effect of:				
Effects of tax rates in foreign jurisdictions	(25%)	(1 940)	(25%)	(4 902)
	0%	-	0%	-

Contingent liability

The Group operates across different geographical regions and is required to comply with tax legislation in various jurisdictions. The determination of the Group's tax is based on interpretations applied in terms of the respective tax legislations and may be subject to periodic challenges by tax authorities which may give rise to tax exposures.

27. Loss per share

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

	2018	2017
Net loss attributable to owners of the company ($ 000)	(6 809)	(12 657)
Weighted average number of Ordinary Shares in calculating basic earnings per share (‘000)	6 954 725	4 809 908
Basic loss per share (US cents)	(0.1)	(0.3)
Diluted loss per share (US cents)	(0.1)	(0.3)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	6 574 967	2 111 611
Weighted average of shares issued during the year ('000)	379 758	2 698 297
Weighted average number of ordinary shares at 31 December ('000)	6 954 725	4 809 908

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.

28. Directors’ remuneration

2018	**Directors’ fees $ 000**	**Consultancy Fees $ 000**	**Share Options $ 000**	**Total $ 000**
Executive Directors				
George Roach	-	240	-	240
Non-Executive Directors				
John (Ian) Stalker (*)	11	-	-	11
Michael Foster	33	-	-	33
Russel Swarts (*)	12	-	-	12
	56	**240**	-	**297**
2017				
Executive Directors				
George Roach	-	244	65	309
Non-Executive Directors				
John (Ian) Stalker	19	9	48	76
Michael Foster	19	-	48	67
Russel Swarts (*)	20	50	48	118
	58	**303**	**209**	**570**

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

The Directors’ fees disclosed in note 24 herein include $0,015 million (2017: $0,015 million) being the fees paid to Directors of RHA, who are not directors of the parent company.

The 2018 Directors fees noted above remain unpaid at the financial year-end. No pension benefits are provided for any Directors or other employee benefits.

29. Notes to the statement of cash flows

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.

	2018 (Audited) **$ 000**	2017 (Audited) **$ 000**
Loss before tax	(7 758)	(19 761)
Adjustments for:		
Finance charges	153	1 507
Loan implementation fee	15	-
Impairment of PPE - RHA	196	9 809
Impairment of current assets - RHA	48	
Impairment of intangible assets - Zulu	4 563	-
Depreciation and amortisation	-	1 471
Disposal of TCT IF	-	22
Fair value movement of investments	(47)	104
Impairment of inventories	-	795
Share based payments and warrant liabilities	177	547
Operating cash flows before movements in working capital	(2 653)	(5 506)
(Increase)/decrease in inventories	(26)	(590)
(Increase)/decrease in receivables	138	(144)
Increase/(decrease) in payables	983	25
Net cash (outflow) from operating activities	(1 558)	(6 215)

30. Financial Instruments – Fair values and risk management

The effect of initially applying IFRS 9 on the Group's financial instruments is described in Note 3.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below. As at 31 December 2018 the Group did not have any trade and other receivables nor any trade and other payables that were classified as held-for-sale.

The Group has not disclosed the fair values of financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of their fair value.

		Carrying value				Fair value			
31 December 2018	**Note**	**FVOCI - equity instruments $ 000**	**Financial assets at amortised cost $ 000**	**Other financial liabilities $ 000**	**Total $ 000**	**Level 1 $ 000**	**Level 2 $ 000**	**Level 3 $ 000**	**Total $ 000**
Financial assets measured at fair value									
FVOCI		6 263	-	-	**6 263**	-	-	**6 263**	**6 263**
		6 263	**-**	**-**	**6 263**				
Financial assets not measured at fair value									
Trade and other receivables		-	53	-	**53**				
Cash and cash equivalents		-	16	-	**16**				
		-	**69**	**-**	**69**				
Financial liabilities measured at fair value									
		-	-	-	**-**				
		-	**-**	**-**	**-**				
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	(288)	**(288)**				
Unsecured loans from shareholders		-	-	(213)	**(213)**				
Trade and other payables		-	-	(2 957)	**(2 957)**				
		-	**-**	**(3 458)**	**(3 458)**				

31 December 2017	Note	Carrying value FVOCI - equity instruments $ 000	Financial assets at amortised cost $ 000	Other financial liabilities $ 000	Total $ 000	Fair value Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Financial assets measured at fair value									
Available-for-sale		6 459	-	-	**6 459**	-	-	**6 459**	**6 459**
		6 459	**-**	**-**	**6 459**				
Financial assets not measured at fair value									
Trade and other receivables		-	239	-	**239**				
Cash and cash equivalents		-	316	-	**316**				
		-	**555**	**-**	**555**				
Financial liabilities measured at fair value									
		-	-	-	**-**				
		-	**-**	**-**	**-**				
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	(182)	**(182)**				
Unsecured loans from shareholders		-	-	(216)	**(216)**				
Trade and other payables		-	-	(1 942)	**(1 942)**				
		-	**-**	**(2 340)**	**(2 340)**				

Financial instruments – Fair values and risk management

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 5.8.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unlisted Equity investments	*Current market value technique:* The valuation model is based upon the latest price at which the unlisted entity raised capital.	None	None

ii. Transfers between Levels 1 and 2

There were no transfers between Levels 1 and 2 in either the current financial year or in the prior financial year.

C. **Financial Risk Management**

The Group has exposure to the following risks arising from financial instruments:
– credit risk;
– liquidity risk; and
– market risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee undertake ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit exposure.

In the current year there was an impairment loss of $0,048 million comprising of $0,041 million for unrecoverable accrued VAT and $0,007 million for unrecoverable sundry debtors. There was no impairment loss in the prior year.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which its customers operate. Details of concentration of revenue are included in Note 4.9.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and are reviewed regularly.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month.

The Group is monitoring the economic environment in Zimbabwe, where its exploration and mining operations are based.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which a no allowance is recognised because of collateral.

	2018 $ 000	2017 $ 000
At 31 December 2018 the exposure to credit risk for trade receivables by geographic region was as follows:		
Zimbabwe	53	239
Other	-	-
	53	239
At 31 December 2018 the exposure to credit risk for trade receivables by counterparty was as follows:		
Zimbabwe Revenue Authority	21	203
Other	7	15
	28	218
At 31 December 2018 the exposure to credit risk for trade receivables by credit rating was as follows:		
External credit ratings	-	-
Other	53	239
	53	239

Expected credit loss assessment for corporate customers as at 1 January 2018 and 31 December 2018

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

The company had no exposure to credit risk for the year ended 31 December 2018 (2017 - nil)

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year amounted to nil.

Cash and cash equivalents

As at 31 December 2018, the Group held $0,016 million in cash and cash equivalents (2017: $0,316 million) and had a $0,288 million bank overdraft (2017: $0,182 million). The cash and cash equivalents are held with bank and financial institution counterparties which are rated BB to BAA (according to Standard and Poor's).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On the implementation of IFRS 9 the Group did not impair any of its cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following table presents the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
31 December 2018	**Carrying value $ 000**	**Total $ 000**	**2 Months or less $ 000**	**2 to 12 Months $ 000**	**1 to 2 Years $ 000**	**2 to 5 Years $ 000**	**More than 5 years $ 000**
Non- derivative financial liabilities							
Bank overdrafts	288	(288)	(288)	-	-	-	-
Unsecured shareholder's loan	213	(213)	-	-	(213)	-	-
Trade payables	2 957	(2 957)	-	(2 957)	-	-	-
	3 458	(3 458)	(288)	(2 957)	(213)	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

		Contractual cash flows					
31 December 2017	Carrying value $ 000	Total $ 000	2 Months or less $ 000	2 to 12 Months $ 000	1 to 2 Years $ 000	2 to 5 Years $ 000	More than 5 years $ 000
Non- derivative financial liabilities							
Bank overdrafts	182	(182)	(182)	-	-	-	-
Unsecured shareholder's loan	216	(216)	-	-	(216)	-	-
Trade payables	1 942	(1 942)	-	(1 942)	-	-	-
	2 340	(2 340)	(182)	(1 942)	(216)	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

The interest payments on the financial liabilities represent the fixed interest rates as per the respective contracts.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities other than trade payables. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Group maintains the following lines of credit.

- $0,300 million overdraft facility that is unsecured. Interest would be payable at the rate of 9.5% (2017: 9.5%).

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Pound Sterling and the US Dollar. The currencies in which these transactions are primarily denominated are Euro, US Dollar, South African Rand and Pound Sterling. Subsequent to the year-end, the Zimbabwean government has implemented a functional currency termed RTGS with effect from 1 March 2019. Hence, exposures to exchange rate fluctuations arise. Refer to the segmental reporting information disclosed in note 7 for the financial assets and liabilities. On 24 June 2019, the Government of Zimbabwe has implemented RTGS as the only legal tender within Zimbabwe. As such it is too recent to accurately assess the impact on the financial statements as at the date of the report. All transactions are subject to spot rates and with no hedging transactions taking place.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	31 December 2018				31 December 2017			
	EUR '000	GBP '000	USD '000	ZAR '000	EUR '000	GBP '000	USD '000	ZAR '000
Trade receivables	-	-	53	-	-	-	239	-
Unsecured shareholder's loan	-	-	(213)	-	-	-	(216)	-
Trade payables	(43)	(325)	(2 395)	(733)	(132)	(1 623)	(248)	(368)
Net statement of financial position exposure	(43)	(325)	(2 555)	(733)	(132)	(1 623)	(225)	(368)
Next 6 months forecast sales	-	-	-	-	-	-	-	-
Next 6 months forecast purchases	-	-	(1 245)	(1 205)				
Net forecast transaction exposure	-	-	(1 245)	(1 205)	-	-	-	-
Net exposure	(43)	(325)	(3 800)	(1 938)	(132)	(1 623)	(225)	(368)

The following significant exchange rates in relation to the reporting currency are applicable:

	Average rate for the year		Year-end spot rate	
	2018	2017	2018	2017
Euro	1.1804	1.1271	1.2769	1.0550
GBP	1.3368	1.2872	1.2747	1.3308
ZAR	0.0755	0.0742	0.0694	0.0729

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2018 ‘000	2017 ‘ 000	2018 ‘000	2017 ‘000
Sterling (£)	325	1,623	-	-
Euro (€)	43	132	-	-
South African Rand (ZAR)	733	368	-	-

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 financial investments (see note 9) 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

	2018	2017
	$ 000	$ 000
Exchange rates:		
+10% $ Sterling (GBP)	(42)	-
-10% $ Sterling (GBP)	42	-

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

Interest rate risk

The Group has entered into fixed rate agreements for its finance leases and shareholders loans. The Group does not hedge its interest rate exposure by entering into variable interest rate swaps.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as per the table below.

	2018	2017
	$ 000	$ 000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	310	371
	310	371

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets of financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The Group is exposed to equity price risk, which arises from equity securities at FVOCI (2017 available-for-sale) are held as a long-term investment.

The Group's investments in equity securities 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.

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

Due to the short term nature, the fair value of cash and receivables and liabilities approximates the carrying values disclosed in the financial statements.

The fair value of 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. The fair value of the Casa shares at 31 December 2017 were derived from the swop values of shares acquired in Ortac announced on 6 November 2017.

Circum is unlisted there are no quoted market prices. The fair value of the Circum shares was derived using the previous issue price and validating it against the most recent placing price on 30 April 2019.

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.

31. Subsidiaries

Premier had investments in the following subsidiary undertakings as at 31 December 2018, which principally affected the losses and net assets of the Group:

Name	Country of incorporation and operation	Proportion of voting interest %		Activity
		2018	2017	
ZimDiv Holdings Limited	Mauritius	100	100	Holding Company
RRCC Ltd	BVI	100	100	Holding Company
Regent Resources Capital Corporation SAU	Togo	100	100	Exploration
G and B African Resources Benin SARL	Benin	100	100	Exploration
Zulu Lithium Mauritius Holdings Limited	Mauritius	100	100	Holding Company
RHA Tungsten Mauritius Limited	Mauritius	100	100	Holding Company
Kavira Minerals Holdings Limited	Mauritius	100	100	Holding Company
Tinde Fluorspar Holdings Limited	Mauritius	100	100	Holding Company
Lubimbi Minerals Holdings Limited	Mauritius	100	100	Holding Company
Gwaaii River Minerals Holdings Limited	Mauritius	100	100	Holding Company
Zulu Lithium (Private) Limited	Zimbabwe	100	100	Exploration
RHA Tungsten (Private) Limited	Zimbabwe	49*	49*	Production
Katete Mining (Private) Limited	Zimbabwe	100	100	Exploration
Tinde Fluorspar (Private) Limited	Zimbabwe	100	100	Exploration
LM Minerals (Private) Limited	Zimbabwe	100	100	Exploration
BM Mining & Exploration (Private) Limited	Zimbabwe	100	100	Exploration

* Accounted as a controlled subsidiary, refer note 5- Significant accounting policies, estimates and assumptions and note 5.7 - Basis of consolidation.

32. Related party transactions

Ultimate controlling party

There is no single ultimate controlling party.

Transactions with key management personnel

Loans from directors

On 15 September 2015, George Roach provided a $0,300 million loan direct to Premier for the use at 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 $0,309 million. On 28 March 2017 the Company announced that it had amended the terms of the existing loan agreement 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. On 15 December 2017 the company announced that George Roach had elected to convert $0,100 million of the $0,300 million ("Loan") he provided to the Company.

Subsequent to the reporting date, on 5 June 2018 the Company announced that it had entered into a loan with a company owned by a Trust of which George Roach is a beneficiary, for a gross value of $0,300 million.

Supplies and Services

During 2018, administration fees of $0,114 (2017: $0,196 million) were paid by Premier to a trading business in which George 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 (2017: $nil).

Borrowings

In April 2018 Brendan Roach loaned the company GBP 0,084 million. As at year end, the loan was still outstanding.

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*.

	2018 $ 000	2017 $ 000
Consulting fees	240	303
Staff costs	126	120
Directors' fees (note 28)	56	58
	422	481

33. Events after the reporting date

33.1 RHA Tungsten

On 14 February 2019 the company reported that it is now in discussions with the Zimbabean Ministry about assisting with the funding of the recommissioning of the RHA.

As part of Premier's recapitalisation proposal submitted to the Ministry on the 18 January 2018 including Premier's proposal for the restructuring of the ownership of RHA, RHA's management established that to get the mine into a state of sustainable and potentially profitable production they would require the following: electrification of mining operations, general working capital, further exploration drilling of the underground and open pit, plant upgrades, semi mechanisation of the underground workings, and development of a decline shaft and the equipping thereof to expose ore on the 810 and 760 levels respectively.

On 20 February 2019 the company advised that following a meeting with representatives from the Zimbabean Ministry, a general agreement was reached on issues affecting the financing and return to production at RHA. Appropriate agreements are in the process of being drafted and Premier expects to announce details and a return to production schedule as soon as possible.

On 13 March 2019 the company reported that they received a letter on the 12 March 2019 from the Ministry stating that the Zimbabean Ministry has secured a proposed investment of US$6 million for investment into RHA for the immediate recommissioning of mining operations, subject to completion of the appropriate agreements.

On 7 May 2019 the company reported the signing of a new Management Agreement ("MA") with NIEEF that is expected to see RHA brought back into production without any further financing requirement from Premier.

On 24 June 2019, NIEEF deposited RTGS6 million to the bank account of RHA. RTGS is the Zimbabwean local currency that is the sole legal tender now used in Zimbabwe. Simultaneous with this, US$ denominated bank accounts have been converted on a one to one basis to RTGS.

At this point in time, it is not clear whether this deposit is adequate to bring RHA back into production.

Premier has agreed to entertain a direct approach from a potential alternative buyer of wolframite and to facilitate a due diligence process by two other Development Finance Institutions who have concluded confidentiality agreements with Premier.

33.2 Zulu Lithium

On 26 February 2019 Premier announced that Zulu would recommence drilling in Zimbabwe. Mobilisation will commence immediately, and drilling is expected to commence as soon as mobilisation is complete and seasonal rains permit.

The drilling programme will follow the recommendations identified in the DFS work programme and will focus on expanding both the size and confidence of the current SAMREC compliant Resource at Zulu, as well as the generation of geotechnical and hydrological data for the pit shell designs and future mine construction.

On 15 May 2019, the Company announced that the budget for the initial drilling programme, including mobilisation, was estimated at approximately US$400 000. The Company issued, within the Company's existing share authorities, 212 413 793 new Ordinary Shares of nil par value at an issue price of 0.145p per share to KME Plant (Proprietary) Limited (“KME”) as pre-payment for mobilisation and drilling. The KME Payment Shares were admitted to trading on AIM on 4 March 2019.

The KME Payment Shares, while issued, have not to date been released by Premier to the control of KME, pending execution of the long form drilling contract, which is not currently in a final form that is acceptable to both parties reflecting their current relationship.

On 28 May 2019 Premier reported that it has been unable to conclude a revised pricing structure for the long form drilling contract that was commercially acceptable to both Premier and KME that fairly reflected the revised relationship for the next phase of drilling activities at Premier's wholly-owned Zulu Lithium Project in Zimbabwe. The proposed drilling programme with KME will, as a result not proceed and discussions with KME have been terminated.

As the long form drilling contract with KME will not now proceed, Premier has cancelled the 212 413 793 KME Payment Shares and application will be made to AIM for the cancellation of the KME Payment Shares from trading on AIM, which occured on or about 4 June 2019 .

The Company has also been in contact with the office of the Zimbabwe Ministry of Mines and has been assured that it will have further feedback on the long outstanding Exclusive Prospecting Order ("EPO") application for areas surrounding Zulu in the near future. The Company believes that the granting of this EPO will add significantly to Zulu and may assist in progressing discussions on alternative finance to progress the Definitive Feasibility Study ("DFS") programme so as to minimise the requirement for Premier to raise funds directly.

33.3 Corporate matters

On 27 February 2018 Premier announced a placing to raise £400 000 before expenses at an issue price of 0.09 pence per new ordinary share.

Premier announced the appointment of SVS Securities plc as the Company's joint broker to work alongside its existing corporate broker, Shore Capital Stockbrokers Limited.

On 28 May 2019 the Company had meetings with members of the board of directors of Circum, which have been encouraging, and has been assured that all Circum shareholders should expect an update in the near future.

On 29 May 2019, the Company announced that the Board had issued new ordinary shares to Directors and employees and to certain third parties in settlement of accrued but unpaid amounts due, amounting in aggregate to £145 787 ("Settlement Shares").

The Company issued 54 241 382 Settlement Shares to Directors in settlement of accrued but unpaid fees (amounting in aggregate to £48 817) at an issue price of 0.09p per share, in total representing approximately 0.69 per cent. of the current issued share capital, as set out in the table below:

Individual	**Amount settled in Settlement Shares** *(Note 1)* **$'000**	**Issue price of Settlement Shares**	**Settlement Shares issued** *(Note 1)*	**Total Shareholding following the issue of the Settlement Shares**	**Shareholding in the enlarged issued share capital**
Director:					
George Roach	22 219	0.09p	24 688 014	643 484 623	8.05%
Godfrey Manhambara	3 750	0.09p	4 166 667	4 166 667	0.05%
Michael Foster	7 100	0.09p	7 888 889	16 343 434	0.20%
Wolfgang Hampel	15 873	0.09p	17 497 813	17 636 667	0.22%
	48 942		54 241 383	681 631 391	

In addition, a further 39 966 803 Settlement Shares have been issued to certain employees in settlement of accrued but unpaid salaries due of £35 970 *(see Note 1 above)* at the Issue Price, and 67 777 778 Settlement Shares to third parties in settlement of accrued but unpaid amounts owed of £61 000 *(see Note 1 above)*, also at the Issue Price.

The Settlement Shares, amounting in aggregate to 161 985 963 new Ordinary Shares, will rank *pari passu* in all respects with the Company's existing issued ordinary shares and application will be made for admission of the Settlement Shares to trading on AIM, which is expected to occur on or about 5 June 2019.

Settlement agreements have been entered into totalling $0,915 million with various staff members and consultants. The above table is included in the total settlement agreements concluded.

On 21 June 2019 the Company reported that it has issued a convertible loan note for US$350 000 with Regent Mercantile Holdings Limited. The annual interest rate payable on the outstanding loan will be 10% per annum. The principal amount of US$350 000 will be made available to the Company in one advance with no deductions. No warrants have been issued to Regent under the Convertible.

The principal amount (plus any accrued interest) under the Loan Agreement is repayable in two equal payments on 1 August 2019 and 1 September 2019. Failing direct repayment of the loan by Premier, Regent at its sole discretion may convert any percentage of a repayment within applicable share authorities into new Premier shares at a conversion price equal to 90 per cent of the daily volume weighted average price ("VWAP") during the five days trading days immediately prior to the relevant repayment date.

The Loan Agreement is subject to normal events of default and the Company has provided a number of standard warranties and undertakings to Regent in respect of the Group. The Loan Agreement is secured over 350 000 shares of Circum held by Premier.

It was widely reported on 24 June 2019 that Zimbabwe had effectively adopted its own currency and that legal tender in the domestic environment now excluded the direct use of all foreign currencies. This policy directive by the Reserve Bank of Zimbabwe has affirmed that the RTGS will be Zimbabwe's sole legal tender. Premier expects to see potential adjustments to various aspects from operational to capital expenditure. We anticipate that much of the day to day operations will remain at a one to one RTGS:$ conversion rate.

There remains a material uncertainty about the potential impact that the new RTGS policy will have on the financial statements as at the date of this report and on the actual effect to the Group operations within Zimbabwe.

33.4 Circum Minerals Limited investment

On 12 June 2019 the Company advised that the Circum update to Shareholders preferred route to a liquidity event remains the project development in association with its equity and debt funders, in line with previous disclosures, and which it expects might be concluded by the year end.