PREMIER AFRICAN MINERALS LIMITED

ANNUAL REPORT

31 DECEMBER 2020

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(AIM:PREM)

Contents

Chief Executive's Statement

In reviewing my previous commentary in advance of setting pen to paper for this statement, I could not help but reflect on the dramatic changes to Premier African Minerals Limited ("Premier" or "Company") post year end, and at the same time acknowledge another challenging and frustrating year.

Frustration as much from the difficulties of Covid-19, as from the inability to progress either our Zulu Lithium and Tantalum Project ("Zulu**"**) or RHA Tungsten (Pvt) Limited ("RHA") and the generally disappointing performance from the Otjozondu Manganese Mine ("Otjozondu").

Negotiation and discussion with the Zimbabwe Government in regard to RHA and the application for an Exclusive Prospecting Order ("EPO") over an extended area surrounding Zulu continued throughout the year and despite the travel restrictions associated with Covid-19, I was able to make a number of visits to Zimbabwe, Namibia, and Mozambique, all with the common objectives of progressing our operations.

In the latter part of 2020, and as a generally better appreciation for the needs to go green re-emerged, and liquidity for development projects improved, our Company was able to extract itself the lows of the last two years and in a step by step manner, turn around.

Premier liquidated all historic debt and recapitalised our operations. This set up the Company for either alternative acquisitions or possible transactions and set us on a sound base to progress Zulu should the EPO be granted, and to assist with the expansion of Otjozondu operations and the potential return to production of RHA.

Events subsequent to year end have since overtaken history and with the granting of the EPO in Zimbabwe in late March 2021, Premier has seen both a revival of our share price and our market capitalisation and our Company is now set up for a most exciting 2021, in particular from midyear onward.

I deal in detail with each of our projects and areas of operations in the body of this annual report, but it would be remiss of me not to express my deep appreciation to our shareholders, staff and directors who have weathered the storm of the past few years with me.

We anticipate better times ahead.

George Roach

Chief Executive Officer

28 June 2021

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, July 2018 issued by United Kingdom's independent regulator, the Financial Reporting Council.

RHA

49% Interest owned by Premier

51% Locally indigenized owned by National Indigenisation and Economic Empowerment Fund ("NIEEF")

Little changed in regard to NIEEF during the reporting period. Despite this, Premier initiated the test work discussed in our previous reports and at the time of writing finally expects a new cash flow model based on a revised flow sheet and capex estimates.

Premier has independently validated the underground resource at RHA and is confident that with a positive cash flow forecast, support from our offtake partners and in the present climate of appreciating Tungsten prices, RHA has a future.

I cannot predict the intentions of NIEEF, but Premier is owed more than US$ 20 million and provided finance to recapitalise RHA is sourced other than from Premier, it makes business sense to return this mine to operations. The plant is owned 100% by Premier and it is entirely feasible that this plant could be utilised elsewhere in Zimbabwe.

Recoverability of RHA Mine Assets

The RHA mine assets remain fully impaired at this time and are likely to so remain until NIEEF either funds the operation or another sustainable arrangement, as suggested above, is concluded that allows the mine to be fully funded and returned to operations.

Zulu Lithium and Tantalum Project

Nothing changed at Zulu during 2020. Everything is changing in 2021. All thanks to the final issuance of an EPO over the extended area surrounding Zulu.

As I write this, camp construction is well advanced, utilities for a camp that is likely to need to accommodate up to 100 persons are largely installed and commissioned, first rigs are on site, the Definitive Feasibility Study ("DFS") engineering team has been appointed, and multipurpose drilling has commenced. Over the coming months we expect to see resource definition and expansion, attention to geotechnical and test work sample collection and generally significant advancement into the DFS process. Premier continues to field diverse approaches from prospective off take partners and investors, however the Board remains of the opinion that delaying any definitive decision until we are able to unlock further value through progression into the DFS program, is likely to present our Company with the best return.

Whilst Zulu remains fully impaired for the moment, improvements in the price of spodumene concentrate and a re-evaluation of country risk parameters, coupled to the worldwide demand for the concentrates we expect to produce, will support a reversal of this impairment in the near future.

Extended Lithium Portfolio

Premier acquired a portfolio of hard-rock lithium assets located in Zimbabwe and Mozambique from Lithium Consolidated Ltd ("Li3") on the 28 July 2020. Of real interest was a small licence in the Zambezi province of Mozambique and this is prospective for gold. Preliminary results from an early field trip, coupled to the extent of artisanal activity, confirms this. Nevertheless, extensive exploration of this licence in isolation of a larger area is not indicated and Premier has therefore made application for additional ground surrounding this licence.

We await grant of appropriate licences and will progress this at that time.

MN Holdings Limited ("MNH")

In September 2020 Premier provided an update in respect of Otjozondu and it is disappointing to note that the mine had not met its original objectives agreed with Premier.

Independent assessment at a Competent Person level conducted in the latter part of 2020 and earlier in 2021 has concluded that Otjozondu has the resources necessary for a successful mining operation and after a moderate recapitalisation and implementation of new mining plans, should perform at least at the same level as peer operations in neighbouring countries.

Whilst Covid related issues have impacted shipping to a much greater extent than expected, it remains an imperative that Premier continues to explore a basis for increasing its control over the operational management of this mine. The last audited reported accounts for Otjozondu are for the year ended 30 June 2020, for which revenue amounted to N$80 million (equivalent to $5.6 million) and operating profit before tax (and interest charges to group companies) was N$10 million (equivalent to $0.7 million). Total assets as at the same date amounted to N$108 million (equivalent to $7.6 million).

In the unaudited management accounts for 6 months ended 31 December 2020, Otjozondu reported revenue of approximately N$39 million (equivalent to $2.7 million) and an operating profit before tax (and interest charges to group companies) of approximately N$22.1 million (equivalent to $1.5 million). Total assets as at the same date amounted to approximately N$120 million (equivalent to $8.4 million).

As further reported in Note 32, Premier has agreed to provide Otjozondu with a small working and expansion capital facility.

Circum Minerals Limited ("Circum")

We continue to hold 5,010,333 Circum shares, currently valued in total at $6,262,916. Circum provided Premier with a shareholder's update on the 11 May 2021 whereby they had independently confirmed the first phase 375 kilo-tonnes per annum production level is appropriate and delivers a robust financial return with industry leading OPEX. Their DFS is planned for completion in Q2/2021 with the hydrology component being completed in Q4/2021 and they continue their discussions with the various parties who were previously engaged on offtake/marketing arrangements as well as other new opportunities will recommence after completion of the DFS. Together with the above shareholder update, a rights issue was undertaken by Circum at $1.25 per share in which the company did not participate.

Market intelligence continues to report good prospects for the Sulphate of Potash market, showing a steady growth in demand for the foreseeable future.

We maintain strong lines of communication with principal major shareholders of Circum.

Funding

During the reporting period we raised net proceeds of $2.343 million (2019: $1.984 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 the current year, the primary focus will be:

- Look to acquire potentially cash generative assets.
- To progress the DFS studies at Zulu.
- Continue to engage directly with MNH.
- Definitively settle the status at RHA and either reopen the mine or relocate our plant.
- Identify and secure high value exploration targets in other jurisdiction.

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.

Refer to note 29 for the company's exposure to credit risk.

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.

Refer to note 29 for the company's exposure to liquidity risk.

Operating Risks

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to environmental hazards, industrial accidents, labour disputes, geo-political risks, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in rock formation characteristics and mineral recovery, encountering unanticipated ground or water conditions, land slips, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or un-favourable operating conditions and losses.

Should any of these risks and hazards affect the Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to extract minerals from the Group's properties, require the Group to write-down the carrying value of one or more of its assets, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability, any and all of which may have a material adverse effect on the Group.

Early-stage Business Risk

The Group's success will depend on its ability to raise capital and generate cash flows from production in the future at MNH and potentially RHA should NIEEF meet their funding obligations. The board of directors 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 now also in RTGS Dollars ("RTGS$"). The introduction of the RTGS$ during the financial year has resulted in the devaluation of the RTGS$ against the US Dollar. This devaluation has also resulted in the Zimbabwean economy going into hyperinflationary status. To a large extent this is beneficial to Premier as its Zimbabwean assets are fully impaired. The remaining liabilities are inflation adjusted at each reporting period yielding foreign exchange gains on conversion to USD. Additionally, 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 RTGS$, 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 substantially owned operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities. The Company minority interest in MNH results in limited control of how MNH mitigate the risk associated with Manganese price fluctuations.

Refer to note 29 for the company's exposure to market risk.

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.

➢ 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 29 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 was 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.

Covid-19

The Board recognises that the emergence and spread of new coronavirus strains represents a continuing risk to the Company's operations. The Board has also received assurances from the Company's key service providers and management in respect of their ongoing activities with our operations and steps are being taken to guarantee the ongoing efficiency of our operations while ensuring the safety and well-being of our employees.

With expanding vaccine programme, the outlook is cautiously positive, but the Board will continue to monitor developments as they occur.

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 Directors have prepared cash flow forecasts for the period ending 31 December 2022, on the basis of the following considerations, inter alia:

RHA

- The Company has not funded any of the activities at RHA since 1 July 2019, apart from essential care and maintenance costs.

Zulu

- During March 2021, the EPO was granted and subsequently a definitive feasibility study (DFS) has commenced.
- The Company is funding the DFS through ongoing capital raises.
- The Company is actively seeking joint venture agreements with prospective partners.

MNH

- The Group is anticipating deriving a return on its current investment in MNH in the latter portion of 2021.
- The Company has received the June 2020 audited financial statements which reflects a profit of N$4.5 million for the year.

The Group

- During the course of the year ended 31 December 2020 the Company issued 6,526,938 shares with a total value of $4.558 million. These funds were used to settle historic debt, fund continuing operations and acquire the investments as listed in note 8 and 9.
- In June 2021 the Group issued 625,000,000 shares at a price of 0.16p per share raising a total of $1.416 million. This cash is being used to commence the Zulu DFS. Additional capital raises are planned for the second half of the year to fund the DFS.
- The cash flow is dependent on additional capital being raised and any cash flows derived from its investment in the trading company. 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 to 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.

Refer to note 5 for further information.

George Roach
Chief Executive Officer
28 June 2021

Directors' Report

Results

The audited financial statements for the year ended 31 December 2020 are set out on pages 30 to 78. The Group reported a loss before and after tax of $1.334 million for the year ended 31 December 2020 (2019: $1.439 million).

The loss before and after tax includes:

- A gross trading profit after depreciation and amortisation is $nil (2019: $nil).
- Administration expenses amounting to $1.299 million (2019: $1.817 million).
- Given that RHA is under care and maintenance, it was decided to impair the carrying value in full of the RHA assets by $0.009 million (2019: $0.349 million).
- Finance costs amounting to $0.119 million (2019: $0.114 million); and
- Impairment of intangible assets – Zulu of $nil (2019: $nil).

The total comprehensive loss for the year amounted to $1.177 million (2019: $26,221 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 2020 financial year net funds of $2.343 million were raised through direct subscriptions from the issue of new ordinary shares (2019: $1.984 million).

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

Borrowings

During the financial year, all loans were settled by the issue of shares. As at the year end, there are no loans outstanding.

Further information on these transactions is included in note 17 and 31.

Other key elements of financial position

Exploration and Evaluation costs of $nil (2019: $nil) were capitalised on the Zulu in Zimbabwe.

The Company's holdings in Circum amount to $6.263 million (2019: $6.263 million).

The Company's holdings in MNH amount to $2.079 million (2019: $1.181 million).

The Company's investment in property, plant and equipment during the year was $0.009 million (2019: $0.483 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 32 to the financial statements.

Directors

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

- George Roach (appointed on incorporation April 2007)
- Godfrey Manhambara (appointed 27 September 2017)
- Wolfgang Hampel (appointed 10 April 2018)
- Neil Herbert (appointed 28 August 2019)

Directors’ Fiduciary Statement

The Directors acknowledge their fiduciary duties and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:

- The likely consequences of any decision in the long term. The Group’s long-term strategic objectives, including progress made during the year and principal risks to these objectives, are shown in the strategic report and the key performance indicators.
- The interests of the Company’s employees. Our employees are fundamental to us achieving our long-term strategic objectives.
- The impact of the Company’s operations on the community and the environment. The Group operates honestly and transparently. We consider the impact on the environment on our day-to-day operations and how we can minimise this.
- The desirability of the Company maintaining a reputation for high standards of business conduct. Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance.
- The need to act fairly as between members of the Company. Our intention is to behave responsibly towards our shareholders and treat them fairly and equally so that they may benefit from the successful delivery of our strategic objectives.

Share capital

Premier’s shares are publicly traded on AIM with the stock ticker of PREM. As at 31 December 2020, the Company’s issued share capital consists of 17 793 009 831 (note 18) Ordinary Shares of no par value.

The company does not hold any Ordinary Shares in treasury.

Major Shareholders

As at 21 June 2021 the Company was 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*	1,597,514,207	8.6%
James Goozee#	1,015,545,497	5.5%

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

James Goozee and/or his wife Mrs. Elizabeth Goozee.

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

George Roach

Chief Executive Officer

28 June 2021

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 seek 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.
- There is a dialogue with shareholders based on the mutual understanding of objectives.

During the year, the board of directors held one formal board meeting that was attended by all members in office. The board of directors held a number of informal virtual board calls with the attendance of all directors in office to discuss the operations of the Company. Since the year end, the board of directors have held 3 formal board meetings and continue to implement the policy of holding informal board calls as so required. The various committees of the Company have continued to meet from time to time in accordance with the requirements of the Company's ongoing operations.

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.
- 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 Directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk, and performance. The Non-executive Directors are considered by the Board to be independent at the date of this report. 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.
- 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.
- 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 George Roach, Godfrey Manhambara and Neil Herbert, and is chaired by Neil Herbert, 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.
- Overseeing the appointment of and the relationship with the external auditor.

Remuneration Committee

The Remuneration Committee comprises of Godfrey Manhambara and Neil Herbert 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 Committee is satisfied that the advice received has been objective and independent as at the date of this report.

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 no longer 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 follows:

- 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 Non-Executive Chairman (Neil Herbert), whose primary responsibility to lead and manage the Board. This remains 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 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 Director (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 Neil Herbert as independent, notwithstanding that he participates in the Company's share option plan and had an interest in MNH. The Board is satisfied that Neil Herbert 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 Wolfgang Hampel 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.
- 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.
- 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 2019, 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 5 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, Covid-19, 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 forecasts.
- 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 Namibia, 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.

Refer to the principal risks and uncertainties as set out in the Strategic Report for additional information on these risks.

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. Remuneration

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.

For details of the directors' remuneration refer to note 27.

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 Disclosure Committee which comprises of George Roach and Wolfgang Hampel and is chaired by Wolfgang Hampel 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 be 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.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and financial statements and have prepared the Group financial statements in accordance with International Financial Reporting Standards in order to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping records that are sufficient to show and explain the Group and Company's transactions and will, at any time, enable the financial position of the Group and Company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the British Virgin Islands governing the preparation and dissemination of the Company's financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

The directors consider this Annual report and accounts, taken as a whole, is fair, balanced, understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Statement of disclosure to auditor

The directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Viability statement and going concern

The Board has assessed the prospects of the Group over a period of 12 months from the date of approval of these financial statements, involving a review of the Group's forecast prepared for the 12 months ending 30 June 2022. and taking account of the Board's intentions for future activities after that date. As explained further in note 5, taking account of the Group's current position and principal risks, over a 12 month period, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over that period albeit additional funding will be required to enable the Group to meet all of its objectives. The raising of additional funding is fundamental to the future success of the business and therefore gives rise to a material uncertainty, although the Board notes the Group's successful track record in having raised finance in the past as necessary to meet the Group's ongoing cash requirements.

The Board considers these periods of assessment to be appropriate because they contextualise the Company's financial position, business model and strategy.

George Roach

Chief Executive Officer

28 June 2021

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

Opinion

We have audited the consolidated financial statements of Premier African Minerals Ltd (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, including a summary of significant accounting policies.The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements,

- the Group financial statements give a true and fair view of the state of the group's affairs as at 31 December 2020 and of the group's loss for the year then ended; and
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 5 in the financial statements, which indicate that the group incurred losses of $1.177 million during the year ended 31 December 2020 and, negative cash flows from operations amounting to $0.744 million, at that date, the net current assets of $0.227 million. As stated in note 5, these events or conditions indicate that a material uncertainty exists 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.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a critical assessment on budgets, including challenging models and undertaking stress tests, and a detailed discussion with management on the key cashflow pinch points, including loan repayments and funding available to the Group.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 3 reporting units, comprising the Group's operating businesses. The Group comprises the parent undertaking, incorporated in the British Virgin Islands, its principal operating subsidiaries, RHA Tungsten (Private) Limited and Zulu Lithium (Private) Limited, and fifteen non-trading or intermediate holding companies, of which seven are registered in Mauritius, seven in Zimbabwe, three in Australia and one in Mozambique. A full scope audit to Group materiality levels was performed on the parent undertaking and the trading companies as well as their immediate holding companies. This resulted in 100% coverage of consolidated expenditures and 100% of the Group's gross assets.

We performed audits of the complete financial information of the Group reporting units, which were individually financially significant and accounted for 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group at the 3 reporting units.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matters	How our audit addressed the key audit matter
Valuation of the rehabilitation provision The Group has recognised a rehabilitation provision, under IAS 37 – contingent liabilities and contingent assets, of \$427,000 (2019: \$388,000), in relation to the future costs to rehabilitate the current mines as per regulation. The directors are required to assess the provision at the end of each reporting period and adjust to reflect their best estimates of the liability. The directors consider the liability to be sufficient due to the weakening of the RGTS (Zimbabwe currency) against the Dollar.	**Valuation of the rehabilitation provision** We have understood and assessed the inputs in calculation of the liability. These were based on the original environmental impact assessment as carried out in 2015. We have also verified that there were no applicable changes to the regulations which would increase the liability and have reviewed calculations for the unwinding of the provision.
Fair value of investments The Group has recognised Investments of \$8,342,000 (2019: \$7,444,000) as at the reporting date. Directors are required to assess the fair value of investments at each reporting date under IFRS 9. As neither Circum nor MNH are traded on an active market a level 3 valuation technique was used. The shareholding was based on the most recent placing of the shares in the respective companies, as well as management's best estimates of the fair values.	**Fair value of investments** We have clarified that the Group's purchase of MNH and Circum shares were the latest trade, Reviewed management assessment of the fair values to support the value of the investments and traced existence and ownership to relevant documents.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Overall materiality	$90,000 (2019: $75,000)
How we determined it	1% of Gross assets
Rationale for benchmark applied	We believe that the gross assets is a primary measure used by shareholders in assessing the performance of the Group, as the group is at a pre-revenue stage and is asset heavy.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $4,500 (2019: $3,750) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters that we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- Obtaining confirmation of compliance from the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of this report

This report is made solely to the Company's members, as a body, in accordance with our engagement letter. 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.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP, Statutory Auditor

Finsgate, 5-7 Cranwood Street,
London EC1V 9EE
28 June 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

EXPRESSED IN US DOLLARS	**Notes**	**2020 $ 000**	**2019 $ 000**
ASSETS			
Non-current assets			
Intangible assets	8	120	-
Investments	9	8 342	7 444
Property, plant and equipment	10	-	-
		8 462	7 444
Current assets			
Inventories	11	-	1
Trade and other receivables	12	8	18
Cash and cash equivalents	13	727	40
		735	59
TOTAL ASSETS		9 197	7 503
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	14	-	-
Deferred tax	25	-	-
Provisions - rehabilitation	15	427	388
		427	388
Current liabilities			
Trade and other payables	16	508	1 388
Finance lease liabilities	14	-	35
Borrowings	17	-	715
		508	2 138
TOTAL LIABILITIES		935	2 526
NET ASSETS		8 262	4 977
EQUITY			
Share capital	18	52 504	48 042
Share based payment and warrant reserve	19	2 366	2 366
Revaluation reserve		711	711
Foreign currency translation reserve	7	(14 040)	(14 118)
Accumulated loss		(21 413)	(20 525)
Total equity attributed to the owners of the parent company		20 128	16 476
Non-controlling interest	20	(11 866)	(11 499)
TOTAL EQUITY		8 262	4 977

These financial statements were approved and authorised for issue by the Board on 28 June 2021 and are signed on its behalf.
George Roach
Chief Executive Officer

The notes on pages 30 to 78 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 2020

		2020	2019
Continuing operations	**Notes**		
EXPRESSED IN US DOLLARS		**$ 000**	**$ 000**
Revenue	21	-	-
Cost of sales excluding depreciation and amortisation	22	-	-
Depreciation and amortisation	8, 10	-	-
Gross profit / (loss)		-	-
Administrative expenses	23	(1 299)	(1 817)
Operating profit / (loss)		(1 299)	(1 817)
Other income	21	93	841
Impairment of PPE - RHA	10	(9)	(349)
Finance charges	24	(119)	(114)
		(35)	378
Loss before income tax		(1 334)	(1 439)
Income tax expense	25	-	-
Loss from continuing operations		(1 334)	(1 439)
Loss for the year		(1 334)	(1 439)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange loss on translation	7	157	(24 782)
		157	(24 782)
Total comprehensive income for the year		(1 177)	(26 221)
Loss attributable to:			
Owners of the Company		(888)	(1 337)
Non-controlling interests		(445)	(102)
		(1 333)	(1 439)
Total comprehensive income attributable to:			
Owners of the Company		(810)	(15 455)
Non-controlling interests		(367)	(10 766)
Total comprehensive income for the year		(1 177)	(26 221)
Loss per share attributable to owners of the parent (expressed in US cents)			
Basic loss per share	26	(0.01)	(0.01)
Diluted loss per share	26	(0.01)	(0.01)

The notes on pages 30 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

EXPRESSED IN US DOLLARS	Share capital $ 000	Share option and warrant reserve $ 000	Revaluation reserve $ 000	Foreign currency translation reserve $ 000	Accumulated loss $ 000	Total attributable to owners of parent $ 000	Non-controlling interest ("NCI") $ 000	Total equity $ 000
At 1 January 2019	45 873	2 366	711	-	(34 423)	14 527	(12 704)	1 823
Effect of change in the functional currency of subsidiaries	-	-	-	-	15 235	15 235	11 971	27 206
Loss for the period	-	-	-	-	(1 337)	(1 337)	(102)	(1 439)
Other comprehensive income for the period	-	-	-	(14 118)	-	(14 118)	(10 664)	(24 782)
Total comprehensive income for the period	-	-	-	(14 118)	(1 337)	(15 455)	(10 766)	(26 221)
Transactions with Owners								
Issue of equity shares	2 237	-	-	-	-	2 237	-	2 237
Share issue costs	(68)	-	-	-	-	(68)	-	(68)
At 31 December 2019	48 042	2 366	711	(14 118)	(20 525)	16 476	(11 499)	4 977
Loss for the period	-	-	-	-	(888)	(888)	(445)	(1 333)
Other comprehensive income for the period	-	-	-	78	-	78	78	156
Total comprehensive income for the period	-	-	-	78	(888)	(810)	(367)	(1 177)
Transactions with Owners								
Issue of equity shares	4 558	-	-	-	-	4 558	-	4 558
Share issue costs	(96)	-	-	-	-	(96)	-	(96)
At 31 December 2020	52 504	2 366	711	(14 040)	(21 413)	20 128	(11 866)	8 262

The notes on pages 30 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

EXPRESSED IN US DOLLARS	**Notes**	**2020 $ 000**	**2019 $ 000**
Net cash outflow from operating activities	28	(793)	(404)
Investing activities			
Acquisition of property plant and equipment	10	(9)	(483)
Acquisition of intangible assets	8	-	-
Acquisition of subsidiaies, net of cash acquired	30	(120)	-
Acquisition of investment	9	(898)	(1 181)
Proceeds on sale of investment	9	-	-
Net cash used in investing activities		(1 027)	(1 664)
Financing activities			
Proceeds from borrowings granted	17	200	468
Net proceeds from issue of share capital	18	2 343	1 984
Finance charges	14	(1)	(12)
Repayment of finance lease	14	(35)	(60)
Net cash from financing activities		2 507	2 380
Net decrease in cash and cash equivalents		687	312
Cash and cash equivalents at beginning of year		40	(272)
Effect of foreign exchange rate variation		-	-
Net cash and cash equivalents at end of year		727	40

The notes on pages 30 to 78 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 28 June 2021.

Details of the Group's accounting policies are detailed 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. The Zimbabwean subsidiaries' functional currency was changed by the Zimbabwean government from USD to RTGS dollar during the 2019 financial year. Refer to note 7 for detailed information.

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 4 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), Provision for rehabilitation (note 15) and Share based payment and warrant reserve (note 19).

3. **Significant accounting policies**

3.1 **Change in significant accounting policies**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Group. The new IFRSs adopted during the year are as follows:

- IFRS 3 — Business Combinations
- IAS 1 — Presentation of Financial Statements
- IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 1 amendments — Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current – Deferral of Effective Date: Effective 1 January 2023
- IFRS 3 amendments — Business Combinations – Reference to the Conceptual Framework: Effective 1 January 2022

- IAS 16 amendments Property, Plant and Equipment: Effective 1 January 2022
- IAS 37 amendments Provisions, Contingent Liabilities and Contingent Assets: Effective date 1 January 2022

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2020 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Group.

The new standards include:

- IFRS 17 Insurance Contracts: Effective for annual periods beginning on or after 1 January 2023

3.2 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 4.7).

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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 Foreign currency

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.

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.

Where the functional currency of a company is in a hyperinflationary economy IAS 29 Financial Reporting in Hyperinflationary Economies is applied. Under this standard the results are restated to reflect the current cost of the various elements of the financial statements. For the Statement of comprehensive income the cost of sales and depreciation are recorded at current costs at the time of consumption; sales and other expenses are recorded at their money amounts when they occurred. Therefore all amounts need to be restated into the measuring unit current at the end of the reporting period by applying a general price index.

Monetary items stated in the Statement of financial position that are stated at current cost are not restated because they are already expressed in terms of the measuring unit current at the end of the reporting period. All non-monetary items in the statement of financial position are restated by applying an index at the time of their acquisition to the reporting date. Any resulting gain or loss on the net monetary position is included in profit or loss reserve.

In accordance with IAS29, corresponding figures for the previous reporting period, whether they were based on a historical cost approach or a current cost approach, are restated by applying a general price index so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period. Information that is disclosed in respect of earlier periods is also expressed in terms of the measuring unit current at the end of the reporting period.

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.

3.8 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.

3.9 Revenue

Performance obligations and service recognition policies

Revenue is measured based on the consideration specified in a contract with a customer in line with IFRS 15. 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.

Type of product/ service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15**
Revenue		
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.
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.
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.
Other Income		
Government Grants	The Group has no control over the timing of the grants nor any payment terms.	The Group gains control over the Government grant when it is received in the Group's bank accounts.
Prescription of debts	Management periodically reviews all outstanding payables and identifies any potential debts that may have prescribed.	Debts are considered prescribed if the creditor has not claimed payment for a period in excess of the relevant prescription period.

3.10 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.

Any adjustments are recognised through the profit and loss. The fair value is reassessed annually.

3.11 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.

3.12 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.

3.12.1 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.

3.12.2 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.

3.13 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.

3.14 Impairment

3.14.1 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 reorganisation; 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.

3.14.2 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.

3.14.3 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.

3.14.4 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.

3.15 Cash and cash equivalents

The Cash and cash equivalents comprises of cash at bank, cash on hand and other highly liquid investments with short term maturities. Cash and cash equivalents are measured at amortised cost. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.16 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.

3.17 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 – indefinite useful life
- 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.

3.18 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.

3.18.1 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.

3.18.2 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.

3.18.3 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.

3.18.4 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.

3.18.5 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.

3.19 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.

3.20 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 represents 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.
- Foreign currency translation reserve represents the other comprehensive income gains or losses arising on the conversion of the functional currencies of the subsidiaries to the holding company's functional currency of USD.

3.21 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.

Assets held under leases are recognised as assets of the Group at the fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between interest expense and capital redemption of the liability. Interest is recognised immediately in the statement of comprehensive income unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Exemptions are applied for short life leases and low value assets made under operating leases charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Payments made under non-capitalised 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 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.

3.22 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.

4. 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.

4.1. 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 4.7 - consolidation: whether the Group has de facto control over an investee; and
- Note 14 - leases: whether an arrangement contains a lease.

4.2. 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 2020 is included in the following notes:

- Note 25 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 4.4 - Recoverability of exploration and evaluation assets: key assumptions underlying recoverable amounts;
- Note 4.5 - 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; and
- Note 19 – share based payments assumptions regarding the various inputs into the Black Scholes model used to determine the option value.

4.3. 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 19 - share-based payment arrangements;
- Note 29 - financial instruments.

4.4 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 2020 amounted to nil (2019: $nil). Refer to note 8 for the assumptions used.

4.5 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 initial impairment 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.

As the mine is not operating, these assumptions were not revisited and the mine remains fully impaired.

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

The management of RHA continue to engage with Nieef about the future of RHA.

4.6 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 reassessed annually based on levels of production.

4.7 Basis of consolidation

RHA

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.
- On 7 May 2019 ZimDiv were reappointed as the manager for another 5 year term.
- ZimDiv has marketing rights to the product.
- Each shareholder can appoint up to two directors each, with a 5^{th} director who is rotated between each shareholder. The 5^{th} 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.

4.8 Valuations

- Investments – Premier's investment in 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 2020 was derived using the most recent placing price in May 2021.
- Investments – Premier's investment in MNH is classified as an FVOCI as such is required to be measured at fair value at the reporting date. As MNH is unlisted there are no quoted market prices. The Fair value of the MNH shares as at 31 December 2020 was derived using the purchase price in July 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 19.
- 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.

5. **Going Concern**

These consolidated financial statements are prepared on the going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

The Group has incurred operating losses from continuing operations amounting to $1.299 million (2019: $1.817 million) and negative cash flows from operations amounting to $0.744 million for the year ended 31 December 2020 (2019: $0.404 million) as the Group continued to maintain RHA in care and maintenance, attempted to advance Zulu through the EPO and external partners joint venture processes described above in this report and explored new opportunities to diversify and mitigate general risks associated with its Zimbabwe based projects.

As at 31 December 2020, current assets exceeded current liabilities by $0.227 million (2019: current liabilities exceeded current assets by $2.079 million). The Group raised $2.343 million (2019: $1.984 million) in net funding through share subscriptions to fund holding costs at RHA, general group maintenance and preservation of assets and to investigate and assess potential diversification, through potential investments in cash generating assets, as discussed above.

The Directors have prepared cash flow forecasts for the period ending 31 December 2022, on the basis of the following considerations.

RHA

- The Company has not funded any of the activities at RHA since 1 July 2019, apart from essential care and maintenance costs.

Zulu

- During March 2021, the EPO was granted and subsequently a DFS has commenced.
- The Company is funding the DFS through ongoing capital raises.
- The Company is actively seeking joint venture agreements with prospective partners.

MNH

- The Group is anticipating deriving a return on its current investment in MNH in the latter portion of 2021.
- The Company has received the June 2020 audited financial statements which reflects a profit of N$4.4 million for the year.

The Group

- During the course of the year ended 31 December 2020 the Company issued 6,526,938 shares with a total value of $4.558 million. These funds were used to settle historic debt, fund continuing operations and acquire the investments as listed in note 8 and 9.
- In June 2021 the Group issued 625,000,000 shares at a price of 0.16p per share raising a total of $1.416 million. This cash is being used to commence the Zulu DFS. Additional capital raises are planned for the second half of the year to fund the DFS.
- The cash flow is dependent on additional capital being raised and any cash flows derived from its investment in the trading company. 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.

6. **Operating segments**

The group has the following three 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
Head office	General administration and control

By operating segment 2020	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	-	-	-	-
Operating loss / (income)	952	285	62	1 299
Other income	-	(93)	-	(93)
Fair value movement on investment	-	-	-	-
Impairment of RHA	-	9	-	9
Finance charges	65	54	-	119
Impairment of Zulu	-	-	-	-
Loss before taxation	1 017	255	62	1 334
Assets				
Exploration and evaluation assets	120	-	-	120
Investments	8 342	-	-	8 342
Trade and other receivables	2	6	-	8
Cash	722	5	-	727
Total assets	9 186	11	-	9 197
Liabilities				
Other financial liabilities	-	-	-	-
Borrowings	-	-	-	-
Bank overdraft	-	-	-	-
Trade and other payables	(355)	(148)	(5)	(508)
Provisions	-	(427)	-	(427)
Total liabilities	(355)	(575)	(5)	(935)
Net assets	8 831	(564)	(5)	8 262
Other information				
Depreciation and amortisation	-	-	-	-
Property plant and equipment additions	-	9	-	9
Costs capitalised to intangible assets	120	-	-	120

By operating segment 2019	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	-	-	-	-
Operating loss / (income)	1 293	476	48	1 817
Other income	(612)	(229)	-	(841)
Fair value movement on investment	-	-	-	-
Impairment of RHA	-	349	-	349
Finance charges	34	80	-	114
Impairment of Zulu	-	-	-	-
Loss before taxation	715	676	48	1 439
Assets				
Exploration and evaluation assets	-	-	-	-
Investments	7 444	-	-	7 444
Inventories	-	1	-	1
Trade and other receivables	16	2	-	18
Cash	19	20	1	40
Total assets	7 479	23	1	7 503
Liabilities				
Other financial liabilities	-	(35)	-	(35)
Borrowings	(715)	-	-	(715)
Bank overdraft	-	-	-	-
Trade and other payables	(1 085)	(300)	(3)	(1 388)
Provisions	-	(388)	-	(388)
Total liabilities	(1 800)	(723)	(3)	(2 526)
Net assets	5 679	(700)	(2)	4 977
Other information				
Depreciation and amortisation	-	-	-	-
Property plant and equipment additions	-	483	-	483
Costs capitalised to intangible assets	-	-	-	-

*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 20.

RHA Revenue is generated from sales to Noble Minerals, in line with RHA's off-take agreement.

7. **Hyper-inflationary accounting**

In terms of IAS29, Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
d) interest rates, wages and prices are linked to a price index; and
e) the cumulative inflation rate over three years is approaching, or exceeds, 100%.

As stated in the 2018 annual financial statements, with effect of the 21st of February 2019 Zimbabwe implemented the Real Time Gross Settlement of US Dollars ("RTGS") at an official exchange rate of 1:1. At that time the official inflation rate was 0%. At the year end the official exchange rate has moved to : RTGS 81.7866 : $1 (2019: RTGS 17.2322 : $1) whilst the official inflation rate has moved to 348.59% (2019: 521.2%) on a year on year basis. The table below details the exchange rates and inflation rates, as published by https://tradingeconomics.com/zimbabwe/inflation-cpi, on a monthly basis for the year ended 31 December 2020**.**

	Inflation Rate	**Exchange Rate RTGS : US$**	**Inflation Rate**	**Exchange Rate RTGS : US$**
	2020	**2020**	**2019**	**2019**
January	175.66%	17.3531	0.00%	1.0000
February	540.16%	17.9594	0.00%	1.0000
March	676.39%	25.0000	0.00%	3.0120
April	765.57%	25.0000	75.86%	3.2635
May	785.55%	25.0000	97.85%	5.2635
June	737.26%	57.3582	175.66%	6.6220
July	837.53%	76.7596	230.54%	9.1856
August	761.02%	83.3994	288.50%	10.7139
September	659.40%	81.4439	353.00%	15.1979
October	471.25%	81.3531	440.10%	16.1152
November	401.66%	81.8151	480.70%	16.7012
December	348.59%	81.7866	521.20%	17.2322

Two of the group's subsidiaries, namely RHA and Zulu, operate in Zimbabwe.

In accordance with IAS29 the group has implemented the Historical Cost approach in restating the subsidiary accounts as at the 31 December 2020 and the corresponding comparative figures for the year ended 31 December 2019.

The financial statements reflect the reduction in the purchasing power of RTGS which have been remeasured, in terms of IAS 29, as at 31 December 2020.

8. **Intangible assets**

	2020 $ 000	2019 $ 000
Exploration and evaluations assets	120	-
Total intangible assets	120	-

	Exploration & Evaluation assets $ 000	Exploration & Evaluation assets $ 000
Opening carrying value 2019	-	-
Expenditure on Exploration and evaluation	-	-
Impairment of Exploration and evaluation assets	-	-
Closing carrying value 2019	-	-
Expenditure on Exploration and evaluation	120	-
Impairment of Exploration and evaluation assets	-	-
Closing carrying value 2020	120	-

During the year the company acquired a portfolio of hard-rock lithium assets located in Zimbabwe and Mozambique from Lithium Consolidated Ltd ("Li3").

The impairment loss amounted to $nil (2019 $nil) Exploration and evaluation assets at 31 December 2020 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 $nil (2019: $nil) exploration costs were incurred and capitalised to Zulu. The Group views this project as strategic and exploration work will be continued in the future, cash flow permitting. For additional information on events after the reporting date, refer to note 32.

The drop in the price of Spodumene in 2018 to $400/t coupled with the political uncertainty and resulting country risk included in the discount rate applied to Zimbabwe resulted in the directors impairing Zulu in full for the year ended 31 December 2018. The impairment amounted to $nil million (2019 - $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

As at the year end the EPO as discussed above was not granted, accordingly the above assumptions did not warrant reassessment.

During March 2021, the EPO was granted and a DFS is being undertaken.

9. **Investments**

	Circum Minerals	Manganese Namibian Holdings	Total
	$ 000	$ 000	$ 000
Opening carrying value 2019	6 263	-	6 263
Shares acquired	-	1 181	1 181
Fair value adjustment	-	-	-
Closing carrying value 2019	**6 263**	**1 181**	**7 444**
Shares acquired	-	898	898
Fair value adjustment	-	-	-
Closing carrying value 2020	**6 263**	**2 079**	**8 342**

Reconciliation of movements in investments			
Opening carrying value 2019 (1) (2)	6 263	-	6 263
Acquisition at fair value 2019 (3)	-	1 181	1 181
Opening carrying value 2019	**6 263**	**1 181**	**7 444**
Acquisition of shares (4)	-	898	898
Acquisition at fair value 2019	-	-	-
Closing carrying value 2020	**6 263**	**2 079**	**8 342**

(1) Represents 2 million shares in unlisted entity Circum.
(2) As Circum is unlisted there are no quoted market The fair value of the Circum shares was derived using the previous issue price and validating it against the most recent placing price on 11 May 2021 of $1.25 per share.
(3) Represents a purchase of 11% interest in MNH.
(4) Represents the purchase of 8.9% interest in MNH.

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

Premier continues to hold 5,010,333 shares in Circum currently valued in total at $6.263 million. Circum has published a general update to shareholders in May 2021 and the major shareholders and directors are now fully coordinated in their intention to generate a liquidity event for shareholders. Novopro has been appointed to complete a DFS for an initial production of ± 375ktpa of Sulphate of Potash which will be scaled up to 750Ktpa over time. To this effect a fully subscribed rights issue raised $12.5 million.

The fair value of these investments on 31 December 2020 amounted to $8.342 million (2019: $7.444 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 11 May 2021.

Premier's investment in MNH is classified as FVOCI and as such is required to be measured at fair value at each reporting date. As MNH is unlisted there are no quoted market prices. The fair value of the MNH shares was based on the latest transactions and supported by an external evaluation conducted by Bara Consulting.

Sensitivity analysis
The investments are subject to changes in market prices. A 10% reduction in market prices would result in a $0.834 million (2019: $0.744 million) charge to Other Comprehensive Income.

10. **Property, plant and equipment**

Property plant and equipment

	Mine Development $ 000	Plant and Equipment $ 000	Land and Buildings $ 000	Total $ 000
Cost				
At 1 January 2019	8 409	4 310	852	13 571
Exchange differences (1)	(5 755)	(1 280)	(632)	(7 667)
Transfer from Capital Work in Progress	62	(62)	-	-
Additions	31	452	-	483
Disposals	-	-	-	-
At 31 December 2019	2 747	3 420	220	6 387
Exchange differences (1)	(1 576)	(623)	(143)	(2 342)
Transfer from Capital Work in Progress	-	-	-	-
Additions	-	9	-	9
Disposals	-	-	-	-
At 31 December 2020	**1 171**	**2 806**	**77**	**4 054**
Accumulated Depreciation and Impairment Losses				
At 1 January 2019	8 409	4 310	852	13 571
Exchange differences (1)	(5 755)	(1 280)	(632)	(7 667)
Charge for the year	-	-	-	-
Impairment of RHA	93	390	-	483
At 31 December 2019	2 747	3 420	220	6 387
Exchange differences (1)	(1 576)	(623)	(143)	(2 342)
Charge for the year	-	-	-	-
Impairment of RHA	-	9	-	9
At 31 December 2020	**1 171**	**2 806**	**77**	**4 054**
Net Book Value				
At 31 December 2019	-	-	-	-
At 31 December 2020	**-**	**-**	**-**	**-**

(1) Refer to note 7 Hyperinflationary Accounting.

The impairment assessment is detailed in note 4, *Significant accounting judgements, estimates and assumptions.*

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

11. **Inventories**

	2020	2019
	$ 000	**$ 000**
Mine consumables	-	1
	-	1

12. **Trade and other receivables**

	2020	2019
	$ 000	**$ 000**
Indirect tax receivable	3	2
Other receivables	2	-
Prepayments	3	16
	8	18
Current	8	18
Non-current	-	-
	8	18

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 2020 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 2020, 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 29.

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

13. **Cash and cash equivalents**

	2020	2019
	$ 000	**$ 000**
Bank balances	727	40
Bank overdrafts	-	-
Cash and cash equivalents per the statement of cash flows	727	40

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 (2019: $nil) due to the assets being fully impaired in a prior period.

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.

In terms of IFRS 16 Leases, short term lease agreements which are less than one month or with total present value of lease payments not exceeding $0.005 million are excluded from capitalisation.

Future lease payments are due as follows:

2020	**Minimum lease payments $ 000**	**Interest $ 000**	**Present value of minimum lease payments** $ 000
Not later than one year	-	-	-
Between one year and five years	-	-	-
	-	-	-

2019	**Minimum lease payments $ 000**	**Interest $ 000**	**Present value of minimum lease payments $ 000**
Not later than one year	36	1	35
Between one year and five years	-	-	-
	36	1	35

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**
Balance as at 31 December 2018	**108**	**14**	**94**
Payments made during the year	72	13	59
Balance as at 31 December 2019	**36**	**1**	**35**
Payments made during the year	36	1	35
Balance as at 31 December 2020	**-**	**-**	**-**

	2020	2019
	$ 000	$ 000
Finance lease liability	-	35
	-	35
Other financial liabilities		
Current	-	35
Non-current	-	-
	-	35
Non-Capitalised lease payments during the year		
Short term non-capitalised lease payments	-	114

15. **Provisions – rehabilitation**

	2020	2019
	$ 000	$ 000
As at 1 January	388	983
Foreign Exchange variation on translation	-	(684)
Unwinding of discount	39	89
As at 31 December	427	388

A provision is recognised for site rehabilitation and decommissioning of current mining activities based on current environmental and regulatory requirements. The gross provision was based upon an environmental impact assessment ("EIA") conducted and 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. The initial provision for rehabilitation was performed in the then functional currency of USD. With the implementation of RTGS this provision was restated in terms of note 7 on Hyperinflationary accounting. With RHA currently under care and maintenance the directors reassessed the final provision based upon actual volumes extracted versus projected volumes. This reassessment will be done annually taking into consideration the remaining volume of ore to be extracted, the current level of mining that has already been conducted and the estimated costs involved in rehabilitating the land.

16. **Trade and other payables**

	2020	2019
	$ 000	$ 000
Trade payables *	238	1 065
Accrued expenses	256	285
Payroll liabilities	14	38
	508	1 388

All trade and other payables at 31 December 2020 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.

17. **Borrowings**

	2020 $ 000	2019 $ 000
Loan G. Roach – see related party transactions	-	219
Loan B. Roach – see related party transactions	-	128
Loan Regent Mercantile	-	368
	-	715
Reconciliation of movement in borrowings		
As at 1 January	715	213
Loans received (1)	200	468
Loans repaid through conversion to equity (1) (2) (3)	(965)	-
Repayment	-	-
Implementation fee	15	-
Accrued interest	35	34
As at 31 December	-	715
Current	-	715
Non-current	-	-
	-	715

Borrowings comprise loans from a related party and a non-related party. Loans from a related party are further disclosed in Note 31, *Related Party Transactions*.

(1) As at 31 December 2019 $0.219 million including accrued interest at 3% was outstanding to George Roach. In March 2020 the Company entered into a secured $0.200 million Loan Agreement and related Subscription Agreement with a company owned by a Trust of which George Roach is a beneficiary at 10% interest per annum. In July 2020 $0.206 million was settled by issue of 232,647,763 ordinary shares and in October 2020 the balance of $0.237 million was settled by issue of 456,291,154 ordinary shares.
This loan was unsecured with no fixed terms or repayment and bearing interest at 3% per annum.

(2) As at 31 December 2019 $0.128 million including accrued interest at 8% was outstanding to Brendan Roach. In October 2020 $0.132 million including interest was settled by issue of 241,117,500 ordinary shares.
This loan was unsecured with no fixed terms of repayment and bearing interest at 8% per annum.

(3) As at 31 December 2019 $0.368 million including accrued interest of 10% per annum was outstanding to Regent Mercantile Holdings Limited. In July 2020 $0.0.390 million including interest was settled by issue of 431,241,920 ordinary shares. The principal amount (plus any accrued interest) under the loan agreement was initially repayable in two equal instalments 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 during the five days trading days immediately prior to the relevant repayment date. The loan was secured by 350 000 shares in Circum held by Premier.

18. **Share capital**

Authorised share capital
17.79 billion (2019: 11.26 billion) ordinary shares of no par value.

Issued share capital

	Number of Shares '000	Value $ 000
As at 1 January 2019	**7 383 679**	**48 798**
Shares issued under subscription agreement (1)	444 444	525
Shares issued on conversion for fees (2)	161 986	185
Shares issued on conversion of loan (3)	1 009 890	569
Shares issued on conversion of loan (4)	753 779	306
Shares issued under subscription agreement (5)	1 250 000	310
Shares issued under subscription agreement (6)	262 293	342
As at 31 December 2019	**11 266 071**	**51 035**
Shares issued on conversion of loan (7)	171 074	199
Shares issued on conversion of loan (8)	498 230	699
Shares issued on conversion of loan (9)	431 242	390
Shares issued on conversion of loan (10)	70 427	56
Shares issued under subscription agreement (11)	124 513	120
Shares issued on conversion of loan (12)	232 648	206
Shares issued on conversion of loan (13)	64 470	51
Shares issued on conversion for fees (14)	374 921	437
Shares issued on conversion of loan (15)	62 450	50
Shares issued on conversion of loan (16)	125 905	76
Shares issued on conversion of loan (17)	120 915	65
Shares issued under subscription agreement (18)	2 750 000	1421
Shares issued on conversion for fees (19)	1 500 143	787
As at 31 December 2020	**17 793 009**	**55 592**
Less cumulative share costs		(3 088)
Net share capital as at 31 December 2020		**52 504**

(1) On the 07 March 2019, the Company issued 444 444 444 shares under a subscription agreement at a price of 0.9p per share.

(2) On the 29 May 2019, the company issued 161 985 963 shares for a total value of $ 0.185 million for conversion of fees.

(3) On 07 July 2019, the Company issued 1 009 889 850 shares at an issue price of 0.45p per share for a total value of $0.569 million for conversion of loan.

(4) On 28 August 2019, the Company issued 753 778 580 shares at an issue price of 0.45p per share for a total value of $0.306 million for conversion of loan.

(5) On the 03 October 2019, the Company issued 1 250 000 000 shares under a subscription agreement for a total value of $0.310 million

(6) On the 19 December 2019, the Company issued 262 293 000 shares under a subscription agreement at a price of 0,01p for a total value of $0.343 million

(7) On the 06 February 2020, the Company issued 171 074 444 shares under a subscription agreement at a price of 0.9p per share.

(8) On the 11 June 2020, the Company issued 498 229 730 shares under a subscription agreement at a price of 0.111p per share.

(9) On 24 July 2020, the Company issued 431 241 920 shares at an issue price of 0.07092p per share for a total value of $0.390 million for conversion of loan.

(10) On 27 July 2020, the Company issued 70 426 740 shares at an issue price of 0.06264p per share for a total value of $0.056 million for conversion of loan.

(11) On the 28 July 2020, the Company issued 124 512 702 shares under a subscription agreement at a price of 0,0744p for a total value of $0.120 million.

(12) On the 30 July 2020, the Company issued 232 647 763 shares for a total value of $ 0.206 million for conversion of fees.

(13) On the 11 August 2020, the Company issued 64 470 222 shares for a total value of $ 0.051 million for conversion of fees.

(14) On the 11 August 2020, the Company issued 374 920 533 shares for a total value of $ 0.437 million for conversion of fees.

(15) On the 18 August 2020, the Company issued 62 450 479 shares for a total value of $ 0.050 million for conversion of fees.

(16) On the 21 September 2020, the company issued 125 905 202 shares for a total value of $ 0.076 million for conversion of fees.

(17) On the 02 October 2020, the Company issued 120 915 045 shares for a total value of $ 0.065 million for conversion of fees.

(18) On the 21 October 2020, the Company issued 2 750 000 000 shares under a subscription agreement at a price of 0,04p for a total value of $1.421 million

(19) On the 22 October 2020, the Company issued 1 500 143 471 shares at an issue price of 0.04p per share for a total value of $0.787 million for conversion of fees.

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

	2020 **$ 000**	**2019** **$ 000**
As at 1 January	48 042	45 873
Shares issued under subscription agreements – cash flow	1 541	1 177
Shares issued to settle trade payables	1 225	185
Shares issued on conversion of loans and loan notes (note 17) - non-cash	894	-
Shares issued to purchase Investment in MNH	898	875
Share issue costs – cash flow	(96)	(68)
As at 31 December	52 504	48 042

19. **Share based payment and warrant reserve**

	2020 $ 000	2019 $ 000
Share options and warrants reserve beginning of year	2 366	2 366
Warrants granted	-	-
Share options	-	-
Warrants cancelled	-	-
Share options and warrants reserve end of year	2 366	2 366

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.

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 options issued			**245 936**			

Issued to:	
- Directors	111 772
- Employees and consultants	114 664
- Management	19 500
Total options issued	**245 936**
Less:	
- Options exercised in prior years	27 257
- Options cancelled in prior years	18 330
Total options in issue at 31 December 2020	**200 349**

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 2020:

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 2020 (2019 – none issued).

The fair value of the options granted during the year ended 31 December 2020 was $nil (2019: $nil). 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.

	In issue prior to 1 January 2020	Exercised during the year	Cancelled / lapsed during the year	Granted during the year	In issue as at 31 December 2020
Directors:					
- G. Roach	21 517	-	-	-	21 517
- G. Manhambara	-	-	-	-	-
- N. Herbert	4 000	-	-	-	4 000
- W. Hampel	8 000	-	-	-	8 000
- M. Foster (resigned)	18 000	-	-	-	18 000
- Resigned directors	40 941	-	-	-	40 941
Other option holders	107 891	-	-	-	107 891
	200 349	-	-	-	200 349

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.

	19 Jan 2017 Issue	19 Jan 2017 Issue	13 Mar 2015 Issue	13 Mar 2015 Issue	29 Jul 2014 Issue	29 Jul 2014 Issue	4 Dec 2012 Issue
Dividend yield (%)	-	-	-	-	-	-	-
Expected volatility (%)	236.0	236.0	100.0	100.0	148.0	148.0	75.0
Risk-free interest rate (%)	1.43	1.43	1.71	1.71	1.71	1.71	1.81
Share price at grant date	0.28p	0.28p	0.9p	0.9p	1.15p	1.15p	1.85p
Exercise price	0.28p	0.40p	0.9p	1.17p	1.15p	1.5p	2p and nil

The shares that the options are based on are quoted in GBP and so the option agreement is stated in GBP. As such they are presented in GBP despite the presentational currency of the Group being USD.

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

	2020		2019	
	Shares '000	Weighted Average Exercise Price	Shares '000	Weighted Average Exercise Price
Options outstanding, beginning of year	200 349	0.55p	200 349	0.55p
Granted	-	-	-	-
Options outstanding, end of year	**200 349**	**0.55p**	**200 349**	**0.55p**

The weighted-average life of the options in issue as at 31 December 2020 is 4 years and 27 days (2019 – 5 years and 27 days.)

Warrants

The Company did not grant warrant options during the year (2019: nil)

A summary of the status of the Company's share warrants as of 31 December 2019 and changes during the year are as follows:

	2020 '000	2019 '000
Warrants outstanding, beginning of year	-	23 000
Granted	-	-
Expired	-	(23 000)
Exercised	-	-
Cancelled *	-	-
Warrants outstanding, end of year	**-**	**-**

During the year ending 31 December 2020 nil (2019 - 23 million) warrants granted to an advisor expired.

There are no warrants outstand in favour of the Directors.

Premier's share price opened at 0.09p in January 2020, traded at an average of 0.08p, with a high of 0.16 and low of 0.04p during the year and closed at 0.05p on 31 December 2020.

20. **Non-controlling interest**

RHA Tungsten Limited (51% Non-controlling interest)	**2020 $ 000**	**2019 $ 000**
At 1 January	(11 499)	(12 704)
Effect of change in the functional currency of subsidiaries	-	11 971
Non-controlling interest in share of profit / (losses) for the year - RHA	(445)	(102)
Non-controlling interest in share of other comprehensive income for the period	78	(10 664)
At 31 December	(11 866)	(11 499)

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.

	2020 RHA	2019 RHA
Non-controlling Interest percentage	51%	51%
Non-current assets	-	-
Current assets	11	23
Non-current liabilities	(18 315)	(18 346)
Current liabilities	(4 961)	(4 223)
Net assets	(23 265)	(22 546)
Net assets attributed to Non-controlling Interest	(11 866)	(11 499)
Revenue	-	-
Profit / (Loss)	(871)	(199)
Other Comprehensive Income /(Loss)	152	(20 910)
Total comprehensive income	-	-
Loss allocated to NCI	(367)	(10 766)

The share of losses in the year represents the losses attributable to non-controlling interests in RHA for the year.

21. Revenue

	2020 $ 000	2019 $ 000
Major product/service lines		
Sale of Wolframite	-	-
Sale of scrap	-	-
Reserve Bank of Zimbabwe Export Incentive	-	-
Total revenue	-	-
NIEEF refund of expenses	18	209
Prescription of debts	75	632
Total other income	93	841
Gross revenue	93	841
Primary Geographical Markets		
Africa	93	841
	93	841
Timing of revenue recognition		
Products transferred at a point in time	93	841
	93	841

22. Cost of sales excluding depreciation and amortisation

	2020 $ 000	2019 $ 000
Mining contractor	-	-
Staff costs	-	-
Consumables	-	-
Equipment hire and maintenance	-	-
Mining services	-	-
Plant services	-	-
Selling costs	-	-
Net realisable value adjustment of cost of inventory sold	-	-
Inventory write-down / (write-up)	-	-
	-	-

RHA mine is under care and maintenance and accordingly there are no cost of sales.

23. Administrative expenses

	2020 $ 000	2019 $ 000
Audit fees - Holding company	23	36
- Under provision prior year	-	62
- Over provision prior year	(6)	-
Staff costs	30	69
Consulting and advisory fees	830	1 060
Directors' fees	35	57
Accounting and legal fees	144	174
Marketing and public relations	17	6
Travel	40	168
Costs incurred to cease operations	-	-
Security costs	6	7
Vehicle operating costs	11	(8)
Insurance	9	35
Short term non-capitalised lease payments (note 14)	114	94
Foreign exchange losses	-	1
Share based payment (note 20)	-	-
	1 299	1 817

Number of staff	**2020**	**2019**
Directors of the Holding Company	4	4
Administrative staff	0	0
Total Holding Company staff	4	4
Directors of subsidiaries	1	1
Subsidiary administrative and operating staff	6	6
Total staff	11	11

24. **Finance charges**

	2020 $ 000	2019 $ 000
Interest charged by suppliers	-	-
Interest on borrowings	79	38
Derivative financial liability transaction costs	-	-
Unwinding of discount on provisions	39	64
Loss on extinguishment of debt	-	-
Interest on finance lease	1	12
	119	114

25. **Taxation**

Deferred tax	2020 $ 000	2019 $ 000
As at 1 January	-	-
As at 31 December	-	-
Income Tax		
Taxation charge for the year	-	-

There is no taxation charge for the year ended 31 December 2020 (2019: 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 accumulated tax losses not recognised at RHA amount to RTGS 52.342 million (2019: RTGS 27.932 million).

Reconciliation of effective tax rate	2020	2020 $ 000	2019	2019 $ 000
Loss before tax from continuing operations	(1 334)	-	(1 439)	-
Tax using the Zimbabwean company tax rate	25%	334	25%	360
Tax effect of:				
Effects of tax rates in foreign jurisdictions	(25%)	(334)	(25%)	(360)

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.

26. **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:

	2020	**2019**
Net loss attributable to owners of the company ($ 000)	(888)	(1 337)
Weighted average number of Ordinary Shares in calculating basic earnings per share (‘000)	13 167 281	8 902 140
Basic loss per share (US cents)	(0.01)	(0.01)
Diluted loss per share (US cents)	(0.01)	(0.01)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	11 266 071	7 383 679
Weighted average of shares issued during the year ('000)	1 901 210	1 518 461
Weighted average number of ordinary shares at 31 December ('000)	13 167 281	8 902 140

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.

Potential dilutive effect on earnings per share	**2020 $ 000**	**2019 $ 000**
Options issued	200 349	200 349
Warrants issued	-	-
Convertible loan notes	-	587 000
Total potentially dilutive shares	200 349	787 349

Refer to note 32 Post balance sheet events for additional potentially dilutive transactions.

27. **Directors’ remuneration**

2020	**Directors’ fees $ 000**	**Consultancy Fees $ 000**	**Share Options $ 000**	**Total $ 000**
Executive Directors				
George Roach	-	240	-	240
Non-Executive Directors				
Godfrey Manhambara	19	-	-	19
Wolfgang Hampel	16	-	-	16
Neil Herbert (*)	-	33	-	33
	35	**273**	**-**	**308**

2019	Directors' fees $ 000	Consultancy Fees $ 000	Share Options $ 000	Total $ 000
Executive Directors				
George Roach	-	230	-	230
Non-Executive Directors				
Michael Foster (*)	22	-	-	21
Godfrey Manhambara	25	-	-	25
Wolfgang Hampel	-	33	-	33
Neil Herbert (*)	-	10	-	10
	47	**273**	**-**	**320**

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

The Directors' fees disclosed in note 23 include nil (2019: $0.013 million) being the fees paid to Directors of RHA, who are not directors of the parent company.

28. **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.

	2020 $ 000	2019 $ 000
Loss before tax	(1 334)	(1 439)
Adjustments for:		
Finance charges	119	114
Foreign exchange variations	157	2 543
Settlement agreement on Finance lease	(74)	-
Impairment of PPE - RHA	9	483
Operating cash flows before movements in working capital	(1 123)	1 701
(Increase)/decrease in inventories	1	25
(Increase)/decrease in receivables	10	35
Increase/(decrease) in provisions from mine de-establishment	-	(595)
Increase/(decrease) in payables	319	(1 570)
Net cash (outflow) from operating activities	(793)	(404)

	2020	2019
	$ 000	**$ 000**
Reconciliation of Non-Cash Transactions		
Share Capital		
Shares issued	4 558	2 237
Less: Share issue costs	(96)	(68)
Less: Settlement of payables	(2 119)	(185)
	2 343	1 984
Finance Charges		
Finance charge expense	119	114
Less: Unwinding of discount on the Provision for rehabilitation	(39)	(89)
Less: Interest accrued on loans and other payables	(79)	(13)
	1	12

29. **Financial Instruments – Fair values and risk management**

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 2020 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.

31 December 2020	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									
FVOCI		8 342	-	-	**8 342**	-	-	**8 342**	**8 342**
		8 342	**-**	**-**	**8 342**				
Financial assets not measured at fair value									
Trade and other receivables		-	8	-	**8**				
Cash and cash equivalents		-	-	-	**-**				
		-	**8**	**-**	**8**				
Financial liabilities measured at fair value									
		-	-	-	**-**				
		-	**-**	**-**	**-**				
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	-	**-**				
Unsecured loans from shareholders		-	-	-	**-**				
Secured loan		-	-	-	**-**				
Trade and other payables		-	-	(508)	**(508)**				
		-	**-**	**(508)**	**(508)**				

31 December 2019	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									
FVOCI		7 444	-	-	**7 444**	-	-	**7 444**	**7 444**
		7 444	**-**	**-**	**7 444**				
Financial assets not measured at fair value									
Trade and other receivables		-	18	-	**18**				
Cash and cash equivalents		-	-	-	**-**				
		-	**18**	**-**	**18**				
Financial liabilities measured at fair value									
		-	-	-	**-**				
		-	**-**	**-**	**-**				
Financial liabilities not measured at fair value									
Bank overdrafts		-	-	-	**-**				
Unsecured loans from shareholders		-	-	(347)	**(347)**				
Secured loan		-	-	(368)	**(368)**				
Trade and other payables		-	-	(1 388)	**(1 388)**				
		-	**-**	**(2 103)**	**(2 103)**				

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 4.8.

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 no impairment loss, nor 2019, for unrecoverable sundry debtors.

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 21.

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.

	2020 $ 000	2019 $ 000
The exposure to credit risk for trade receivables by geographic region was as follows:		
Zimbabwe	8	18
Other	-	-
	8	18
The exposure to credit risk for trade receivables by counterparty was as follows:		
Zimbabwe Revenue Authority	3	2
Other	2	-
	5	2
The exposure to credit risk for trade receivables by credit rating was as follows:		
External credit ratings	-	-
Other	8	18
	8	18

Expected credit loss assessment for corporate customers as at 1 January 2020 and 31 December 2020

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 2020 (2019 - 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 (2019 – nil).

Cash and cash equivalents

As at 31 December 2020, the Group held $0.727 million in cash and cash equivalents (2019: $0.040 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 2020	**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	-	-	-	-	-	-	-
Unsecured shareholder's loan	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-	-
Trade payables	508	(508)	(508)	-	-	-	-
	508	(508)	(508)	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

	Contractual cash flows						
31 December 2019	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	-	-	-	-	-	-	-
Unsecured shareholder's loan	219	(219)	(219)	-	-	-	-
Unsecured loans	128	(128)	(128)	-	-	-	-
Secured loans	368	(368)	(368)	-	-	-	-
Trade payables	1 388	(1 388)	(1 388)	-	-	-	-
	2 103	(2 103)	(2 103)	-	-	-	-
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.

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 Zimbabwean trading companies functional currency is RTGS. The currencies in which these transactions are primarily denominated are Euro, US Dollar, South African Rand, RTGS and Pound Sterling.

The Company conducts its business in Zimbabwe with a significant portion of expenditures in that country historically denominated in USD and now also in RTGS. The introduction of the RTGS$ during the financial year has resulted in the devaluation of the RTGS$ against the US Dollar. This devaluation has also resulted in the Zimbabwean economy going into hyperinflationary status. To a large extent this is beneficial to Premier as its Zimbabwean assets are fully impaired. The remaining liabilities are inflation adjusted at each reporting period yielding foreign exchange gains on conversion to USD.

All transactions are subject to spot rates and with no hedging transactions taking place.

Exposure to currency risk

	31 December 2020 EUR '000	GBP '000	USD '000	ZAR '000	RTGS '000 000	31 December 2019 EUR '000	GBP '000	USD '000	ZAR '000	RTGS '000 000
Trade receivables	-	-	8	-	-	-	-	18	-	-
Unsecured loans	-	-	-	-	-	-	-	(715)	-	-
Trade payables	(77)	(11)	(205)	(540)	(13)	(77)	(352)	(763)	(1 282)	(73)
Net statement of financial position exposure	(77)	(11)	(197)	(540)	(13)	(77)	(352)	(1 460)	(1 282)	(73)
Next 6 months forecast sales	-	-	-	-	-	-	-	-	-	-
Next 6 months forecast purchases	-	(126)	(1 186)	-	(2 988)	-	-	(1 245)	(1 205)	(15)
Net forecast transaction exposure	-	(126)	(1 186)	-	(2 988)	-	-	(1 245)	(1 205)	(15)
Net exposure	(77)	(137)	(1 383)	(540)	(3 001)	(77)	(352)	(2 705)	(2 487)	(88)

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

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

	Average rate for the year		Year end spot rate	
	2020	**2019**	**2020**	**2019**
Euro	1.1751	1.1201	1.2282	1.1220
GBP	1.3350	1.2769	1.3577	1.3263
ZAR	0.0699	0.0693	0.0682	0.0714
RTGS	50.4253	8.1792	81.7877	17.2322

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

	Liabilities		Assets	
	2020 '000	**2019 ' 000**	**2020 '000**	**2019 '000**
Sterling (£)	11	352	-	-
Euro (€)	77	77	-	-
South African Rand (ZAR)	540	1 282	-	-
Real Time Gross Settlement of USD (RTGS)	12 707	72 500	429	25

The presentation currency of the Group is US dollars.

The Group is exposed primarily to movements in USD for trade, RTGS for the Zimbabwean companies and GBP for all fund raising activities.

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

	2020	**2019**
	$ 000	**$ 000**
Exchange rates:		
+10% $ Sterling (GBP)	(1)	(35)
-10% $ Sterling (GBP)	1	35
+10% $ RTGS	(1 253)	(87 764)
-10% $ RTGS	1 253	87 764

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.

	2020	**2019**
	$ 000	**$ 000**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	310
	-	310

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 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 MNH shares are in privately held exploration companies, the fair values were estimated using observable placing prices where available.

Circum and MNH are unlisted and 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 11 May 2021. The fair value of MNH shares was derived from the latest placing and supported by an external valuation conducted by Bara Consulting.

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.

30. **Subsidiaries**

Premier had investments in the following subsidiary undertakings as at 31 December 2020, which principally affected the losses and net assets of the Group:

30.1 Subsidiaries held during the year

Name	Country of incorporation and operation	Proportion of voting interest % 2020	2019	Activity
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 Limited	Mauritius	100	100	Holding Company
Zulu Lithium (Private) Limited	Zimbabwe	100	100	Exploration
RHA Tungsten (Private) Limited	Zimbabwe	49*	49*	Care and maintenance
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
Licomex (Pty) Ltd	Zimbabwe	100	-	Exploration
Li3 Mozambique (Pty) Ltd	Australia	100	-	Holding Companies
Li3B Mozambique (Pty) Ltd	Australia	100	-	Holding Companies
Li3C Mozambique (Pty) Ltd	Australia	100	-	Holding Companies
Lithium B S.A.	Mozambique	100	-	Exploration

* Accounted as a controlled subsidiary, refer note 4 - Significant accounting policies, estimates and assumptions and note 4.7 - Basis of consolidation.

30.2 Acquisition of subsidiaries

During the year the Group acquired 100% of the following companies:

Company Name	Number of shares purchased	Purchase Consideration	Country of Incorporation	Main Activity
LiComex (Pty) Ltd,	100	$99,864	Zimbabwe	Exploration
Li3 Mozambique (Pty) Ltd	10,000	$6,634	Australia	Holding company – Owning 33.33% of Lithium B S.A.
Li3B (Mozambique) (Pty) Ltd	10,000	$6,633	Australia	Holding company – Owning 33.33% of Lithium B S.A.
Li3C (Mozambique) (Pty) Ltd	10,000	$6,633	Australia	Holding company – Owning 33.33% of Lithium B S.A.
Lithium B S.A.	30,000	$nil	Mozambique	Exploration
Total purchase consideration		**$119,764**		

In acquiring the above group of companies, the Group acquired a total of 56 tenements in Zimbabwe and Mozambique with the view of expanding the Group's Lithium bearing ore exploration.

Details of the net assets acquired are set out below:

	Fair Value (US$)
Lithium tenements	111,968
Vat refundable	292
Loan from third party	7,504
Total interest	**119,764**
Purchase Consideration	**119,764**

31. **Related party transactions**

Ultimate controlling party

There is no single ultimate controlling party.

Transactions with key management personnel

Loans from directors

During the year all loans to directors were settled by the issue of shares. The amount outstanding at year end is nil (2019: $0.516 million). Refer to note 17 for detailed information.

Supplies and Services

During 2020, administration fees of $0.114 (2019: $0.114 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 the amount outstanding is nil (2019: $0.115 million).

The amount outstanding at 31 December 2020 for Brendan Roach for directors fees of RHA is nil (2019 - $0.062 million).

The amount outstanding at 31 December 2020 for Godfrey Manhambara for directors fees of is nil (2019 - $0.030 million).

The amount outstanding at 31 December 2020 for Wolfgang Hampel for directors fees of is $0.002 million (2019 - $0.080 million).

The amount outstanding at 31 December 2020 for Neil Herbert for directors fees of is nil (2019 - $0.010 million).

Borrowings

In April 2018 Brendan Roach loaned the company GBP 0.084 million. The outstanding loan balance as at 31 December 2019 is $0.128 million. During the year the loan was settled by the issue of shares. The amount outstanding at year end is nil. Refer to note 17 for detailed information.

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*.

	2020 $ 000	**2019 $ 000**
Consulting Fees (Note 27)	273	230
Staff costs	160	129
Directors' fees (Note 27)	35	47
	468	406

32. **Events after the reporting date**

32.1 Zulu

On the 12 March 2021, Premier announced the formal grant of EPO number 1779 over the area that encompasses the Zulu claims in the Fort Rixon district of Zimbabwe for a period of three years with effect immediate effect until the 11 March 2024.

In the latter part of March 2021, Premier appointed Bara Consulting as principal engineers for the Zulu DFS, Geodrill Private Limited as principal drilling contractor for Zulu resource extensions and technical drilling for DFS, Hains Engineering Company Limited as an independent resource and technical consultant and Mr. CJ Male was appointed as the site exploration manager for Zulu.

32.2 Corporate matters

On the 22 February 2021, Premier engaged EAS Advisors LLC ("**EAS**") as US corporate advisor. Premier agreed to issue, conditional on EAS raising at least US$5 million of new funding, a total of 360,000,000 warrants in favour of EAS.

In June 2021, Premier concluded a direct equity raise of £1,000,000 before expenses at an issue price of 0.16 pence per new ordinary share for ongoing use at the Zulu DFS and general working capital.

In June 2021, the Board agreed to provide Otjozondu Mining (Proprietary) Limited with $260,000 Facility Agreement with an interest rate of 20% per annum and is repayable in $25,000 instalments on each shipment of Manganese commencing from the beginning of September 2021.

32.3 Ultimate Controlling Company

There is no single ultimate controlling company for Premier.