

PREMIER AFRICAN MINERALS LIMITED

ANNUAL REPORT

31 DECEMBER 2022



**Premier
African
Minerals**

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(AIM:PREM)

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A large, semi-transparent watermark of the Premier African Minerals logo is centered on the page. The logo consists of a diamond shape with a yellow-to-orange gradient and a red outline, with the text 'Premier African Minerals' in a large, grey, sans-serif font overlaid on it.

Premier
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Minerals

CEO STATEMENT -Mr George Roach



2022 was every much as transformational as expected. Premier African Minerals Limited (“Premier” or “Company”) took the giant step of commencing implementation of the Zulu Lithium and Tantalum Project (“Zulu”) build and thanks to almost unimaginable commitment and determination from our staff and our contractors, and in the face of one of the wettest seasons ever in Zimbabwe, we had looked forward to mine build completion and start of production in Q1 2023. This was underpinned by continuing worldwide short supply of spodumene and the inordinately high prices being reported. All this was enabled by the commitment from Canmax Technologies Co Ltd. to purchase our spodumene and to pay for the product in advance.

Thanks to this, Premier was placed in the enviable situation of being able to proceed to mine build without completion of the Definitive Feasibility Study (“DFS”), and in effect to use the “pilot” plant as the proving ground for a much larger and expanded mining operation at Zulu in years to come. As subsequently reported, however, the plant optimisation process and requirement for plant modifications has resulted in significant delays.

In brief, the RHA Tungsten Mine (“RHA”) has still not progressed, and the ongoing impasse pertaining to future development and funding remains. In effect, the plant at RHA is the property of Premier but the claims that are held in a Zimbabwean registered company are effectively owned 51% by an agency of the Zimbabwe Government. Premier’s historic spend is a matter of record and the potential to bring RHA back into production remains good. Premier remains committed to a return to production but on the basis of equitable contribution to the projected costs or an equitable dilution. I have no doubt that Premier will be able to deploy parts if not all of the plant to other Zimbabwe based projects within the next 12 months if there is no resolution to this impasse.

Important to note is the progress at our claims located in the Mutare Greenstone Belt in regard to which Li3 Resources Inc has completed an earn-in to hold 50% of the ownership of the claims. Exploration activities are underway and early results are most encouraging. It is too early to predict an outcome to these activities, but certain of the claims straddle pegmatites that follow from neighbouring claims with a mine under development. I would not be surprised to see another pilot plant construction like Zulu under serious consideration at this site before we next report annual financials.

Premier continues to hold minority positions in MN Holdings Limited, the operator of the Otjozondou Manganese Mining Project in Namibia and Vortex Limited (“Vortex”), who hold 36.7% of Circum Minerals Limited, the owners of the Danakil Potash Project in Ethiopia.

With our focus on Zulu, little has been achieved in regard to Premier other projects. Once matters have been addressed at Zulu, I expect that Premier other projects will start see receiving serious attention in the coming year with a view to realising a return that is closer to our original investments than the value we now have elected to include these in our accounts.

George Roach

Acting Chairman and Chief Executive Officer

30 June 2023



WATT



Premier
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Minerals
Zulu

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.

RHA

49% Interest owned by Premier

51% Locally indigenized owned by National Indigenisation and Economic Empowerment Fund (“NIEEF”) NIEEF is controlled by Ministry of Mines and Mining Development

Despite indications to the contrary, nothing has changed. The price of wolframite continues to suggest that RHA should be back into production but with my reticence to commit more funds into RHA under the present share ownership structure, I am unable to predict when and if there will be a return to production. What is certain is that with advances in other exploration in Zimbabwe and with a need for additional comminution capacity at Zulu, most of the plant at RHA will be relocated during the latter part of 2023 if we are unable to resolve the present ownership status.

Recoverability of RHA Assets

The RHA assets remain fully impaired at this time and are likely to so remain until we are able to conclude the discussions underway at present.

Zulu

In September 2022 we broke ground. In February 2023 we ran elements of the plant. In late March/early April 2023 we saw first concentrates produced. Perhaps this was all just too good to be without some setbacks. And there are and they are discussed below. During the course of 2022, Premier secured the finance to construct Zulu, continued with an exploration programme that generated sufficient quality data as to give confidence to the secure funding, and to commit to a novel approach to producing spodumene concentrate using two different ore sorting techniques. And so we come to the recent past and developments during this first six months of 2023.

Much has been covered in various notifications and I will dwell primarily on the issues faced since we first started the plant, what is being done and what we should expect in the coming months. It is important to note that the equipment manufacturers and suppliers have an acknowledged responsibility to meet certain deliverables that include correctly sized milled ore to the floatation section. Equally important is the fact that the overall operation of the plant remains under the day-to-day operational control of the team at Stark Resources and this will continue until the plant is fully optimised and signed over to Premier.

In summary, the plant required feed to the floatation section that was correctly sized. Less than 20% of this requirement was met and the result was that target production of concentrate could not be achieved. It has also become clear that efficient running of the overall plant is impossible at this reduced throughput. The required fixes are now clear. The inability of the screening systems to manage the required tonnage and the inability of the milling system to deliver correctly sized tonnage at the required rate will be addressed in two stages. This responsibility sits squarely with the plant suppliers who intend to proceed firstly, with the installation of a hydro sizing system. This equipment is intended to deal with the quantity of material that the screens could not and is expected to increase delivery of material correctly sized to the float plant to about 50% of design throughput.

Secondly, an additional conventional mill will be added to the circuit and this will allow the plant to reach, or possibly exceed the design throughput. Interestingly, it is possible that the mill Premier already owns that is situated at RHA may fill this role. At the same time that step one is in process, Stark Resources will install the secondary UV based ore sorters that are expected to increase the grade of ore delivered to the milling section, which according to Stark Resources, should result in substantial improvements in ore grade and both quality and quantity of concentrate. With immediate availability of the sizer and the simultaneous delivery of the UV sorters,

the decision has been taken to substantially reduce production and proceed with the installation of these components immediately.

Whilst this will delay first shipment of concentrates, it is expected to rapidly increase production after commissioning of these components. Anticipated commissioning for first stage is in early Q3 2023, and the second stage with the inclusion of an additional mill is likely to complete Q4 2023. Production of concentrate is expected to meet the original target of 4,000 ton per month during Q4 2023. Following the failure of the plant supplier to adequately and timeously communicate the issues set out herein, Premier has revised internal monitoring and oversight of procedures. And as reported on 26 June 2023, and for reasons set out more fully in the Force Majeure notice that Premier served on 25 June 2023 under its agreement with Canmax dated 28 July 2022, a formal state of Force Majeure is now in effect.

Extended Lithium Portfolio

In my summary a year ago, I referred to this as potentially, a hidden gem considered of little value when Premier acquired a gold prospect in Mozambique and this portfolio of hard-rock lithium assets located in Zimbabwe from Lithium Consolidated Ltd ("Li3") on the 28 July 2020. And how that has changed. With so much focus on Zulu, the decision to conclude a 50/50 JV with Li3 Resources Inc was easy and I am pleased to say that since Li3 has taken on management of the project, there has been expansion of exploration activity with surface trenching and commencement of drilling.

Early indications support the expectation that these claims may well support another concentrate plant. With Zulu able to provide substantial support in the evaluation of the resource and accelerated studies, I expect to see rapid progress.

Turwi Gold Project

Premier acquired through an earn-in of \$250,000 operational control and 50% of this gold exploration project in Southeast Zimbabwe. Early drilling intersected targets previously identified and samples have been submitted for assay. Whilst it is early, that target zones were intercepted as predicted from primary target generation work is most encouraging. Details will be provided together with first assay results as they become available.

MN Holdings Limited ("MNH")

This investment occurred at a time when Premier's very existence was under threat and was seen as a low-cost entry point to potential early revenue. Despite our best efforts, this has not developed and continuing poor financial statements and reported losses, have demonstrated that without direct operational involvement by Premier, something not possible with our minority interest, little is likely to change. Accordingly, we have now decided that this investment should be written down and we will now actively seek to exit. Under consideration is the potential sale of MNH to an existing listed entity with the intention being that payment is in listed securities that might be distributed to Premier shareholders, should this materialise.

In the unaudited management accounts for year ended 30 June 2022, MNH's wholly-owned operating subsidiary, Otjonzondu reported revenue of approximately N\$49 million (equivalent to \$2.8 million) and an operating loss before tax (and interest charges to group companies) of approximately N\$106.9 million (equivalent to \$5.9 million). Total assets as at the same date amounted to approximately N\$126 million (equivalent to \$7.2 million).

Vortex Limited (formerly Circum Minerals Limited "Circum")

Although the status in Ethiopia has improved, little has been achieved. Frustrations related to cooperative agreements and differing opinions on development of this outstanding worldclass deposit, allied to the Ethiopian status continue to frustrate the realisation of this investment. Accordingly, Premier has now in these accounts reduced the carrying value of this asset in our books. On the bright side of this, the cooperative agreement that restricted Vortex from seeking a separate and independent way ahead ended on 30 May 2023

and together with our partners in Vortex, we will actively pursue a development course and independently of other shareholders if necessary.

Funding

During the reporting period we raised net proceeds of \$14.838 million (2020: of \$3.609 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:

- Optimise and stabilise profitable operations at Zulu
- Progress resource development within the Zulu EPO and secure a Mining lease over prospective areas therein.
- Expand production at Zulu
- Seek to resolve the status of RHA, MNH and Vortex
- Identify and secure high value exploration targets in other jurisdictions.

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 30 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 30 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, machinery and plant breakdowns, 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 Zulu. The board of directors manages this risk by monitoring cash levels and reviewing cash flow forecasts on a regular basis. In particular, the Group's success will depend on the successful commissioning, modification and optimisation of the processing plant at Zulu and there is no certainty that there may not be further unforeseen delays, plant modifications or unanticipated costs.

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 2019 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. The RTGS\$ denominated assets and liabilities are inflation adjusted at each reporting period yielding foreign exchange gains or losses 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 – Zulu value is largely related to the price of lithium and the outlook on this mineral. Zulu has agreed a minimum offtake price of US\$2000 per ton until the 31 December 2022 with CanMax to mitigate commodity-based risks to the ongoing operations.

The Company minority interest in MNH results in limited control of how MNH mitigate the risk associated with Manganese price fluctuations.

Refer to note 30 for the company's exposure to market risk.

Early-stage Project Risk

Zulu moved into early-stage production through the development of a pilot plant without a DFS. In advancing Zulu to the stage where it may be cash generative, many risks are faced including without limitation, the inherent uncertainty of mining and continuity of the mineral resource without a DFS support by a measured category resource statement, the capital costs of exploration and production, commodity pricing, operating in remote and often politically unstable environment.

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.

Licensing 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 30 to these financial statements.

Environmental Policy

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it complies with all local regulatory requirements and seeks to implement a best practice approach to managing environmental aspects.

Zulu 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.

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 30 June 2024, 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

- Zulu is now commissioned with ongoing works on the optimisation of the pilot plant and process procedures (including modification) to achieve nameplate throughput continuing with Stark International Projects Limited who remain the operator of the pilot plant.
- Subject to completion of further pilot plant upgrades as part of the optimisation process, Zulu has the potential to fully support all cash flow projections.

MNH

- The Company has received the unaudited management accounts as at 30 June 2022, which reflects a loss of N\$106.986 million (US\$5.96 million) for the 12 months then ended.

The Group

- During 2022 the Group issued 3,000,000,000 shares at an average price of 0.40p per share raising a total of \$14.838 million. This cash was used to continue with the Zulu DFS and EPO exploration. As part of the DFS a pilot plant and associated mine development was undertaken.
- In May 2023 the options issued in 2017 were exercised raising £550,382 for the Group
- Further in May 2023, direct equity raised £2,369,500 before expenses for the Group
- The Company has the general authority to issue shares on a pre-emptive basis, such as an open offer or rights issue to secure funding to support cash flow projections.
- In June 2023, the Group received a purported notice of termination of the Offtake Agreement from Canmax following service of a Notice of Force Majeure on Canmax on the 25 June 2023.
- The Group will use its reasonable endeavours to work with CanMax during the period of Force Majeure to seek a remedy, however any dispute pertaining to the Offtake Agreement (including the Force Majeure) will be resolved in Singapore through arbitration which is expected to take over 12 months for the matter to be both heard and adjudicated on based on the nature of the dispute.
- Should the Group be unable to resolve the status with Canmax or no other party concludes an offtake agreement on terms considered fair and reasonable to Premier shareholders as a whole, then the Board does consider that there are alternative funding options available to the Group to support the cash flow projections based on the underlying value of the Group's assets and the Group's proven track record of securing funds on the public market.

In the event that the Group is unable to either resolve the status of Canmax or find an alternative offtake and marketing partner to settle the CanMax prepayment amount plus interest and Zulu fails to meet its revised production targets, then 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
Acting Chairman and Chief Executive Officer
30 June 2023



**Premier
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Management Team



CEO – MR GEORGE ROACH

George has extensive experience in the natural resources sector in Africa. He has successfully obtained licenses and concluded mineral exploration and exploitation agreements in the entire SADAC region, Ethiopia, and most of CEMAC and ECOWAS regions. Under the auspices of Exploration Services, he has provided consultancy to prospective exploration companies and has acted in significant capacities for several start-ups that have subsequently listed on AIM and TSX-V. Prior to founding Premier, George was the Managing Director Africa, for Uramin Inc.



COO – Mr Errico Vascotto

Errico is an accomplished and qualified Mining Engineer with more than 40 years in the mining industry. Errico also has an MBA from the University of Southern Queensland, Australia with Project Management as a speciality. He has worked on both greenfield and brownfield projects globally. In addition to direct mining experience, Errico has gained experience in mining construction, providing strategic project leadership in line with industry best practice.



CFO – Mr Tomas Apetauer

Since qualifying as a C.A. (S.A.), Tomas has gained extensive experience in a diverse range of industries including finance, engineering consulting, corporate finance and as an international trainer. As Premier's chief financial officer, he brings the skills gained through corporate turnaround strategies, multi-million-dollar capital raises and buy-outs primarily focused on the African market.



Country Manager – Mr Jabulani Chirasha

A qualified Metallurgical Engineer with over 30 years' experience in mining and process engineering. Prior to joining Premier, Jabulani was a senior manager at Anglo American in Zimbabwe. Jabulani has authored a number of international papers on mining and process technology and facilitated at international mining conferences as a speaker.



Corporate Secretary – Mr Brendan Roach

Brendan holds a B.Com LLB and MA(Law). He manages the full function of corporate affairs for Premier and acts as our international Legal Counsel.



Exploration Manager – Mr Bruce Cumming

With more than 40 years' experience Bruce is an accomplished, SACNASP registered Geologist. Bruce qualified with a BSc Hons degree from the University of Cape Town and is a member of the GSSA. Bruce has extensive exploration project management experience and has worked in various

capacities in diverse African countries. He has a long history with Premier African Minerals.

Directors



CEO – MR GEORGE ROACH

George has extensive experience in natural resource business development in Africa. He has held positions in and/or initiated a number of start-up businesses listed on AIM and/or TSX-V.



Mr Wolfgang Hempel – Non-executive Director

Wolfgang has more than 27 years' experience in the African, American, European, and Asian exploration and mining industry. He holds a Diploma in Economic Geology from the Technical University of Munich and is a registered European Geologist (EurGeol) n*1261, with the European Federation of Geologists.



Mr Godfrey Manhambara – Non-Executive Director

A Zimbabwean national with extensive experience in business. Godfrey was the former Chief Executive of Affretair. In 1999, Godfrey was appointed as CEO of the Civil Aviation Authority in Zimbabwe, a position he held until 2001. Currently Godfrey is the Chief Executive of Beta Holding, the largest infrastructure supply manufacturer in Zimbabwe.



Dr Luo Wei – Non-Executive Director

Dr Wei has a PhD in Mineral Prospecting and Exploration from Central South University. With over a decade of experience in the mining and exploration industry Dr Wei has extensive experience in project management and optimisation with a focus on resource development.

DIRECTORS REPORT

Results

The audited financial statements for the year ended 31 December 2022 are set out on pages 29 to 85. The Group reported a loss before and after tax of \$5.803 million for the year ended 31 December 2022 (2021: profit \$2.298 million).

The loss before and after tax includes:

- A gross trading profit after depreciation and amortisation is \$nil (2021: \$nil).
- Administration expenses amounting to \$4.622 million (2021: \$2.366 million).
- Finance costs amounting to \$nil (2021: \$0.018 million); and
- The reversal of the impairment of the Zulu Lithium's intangible assets of \$nil (2021: \$4.563 million).

The total comprehensive loss for the year amounted to \$13.646 million (2021: Profit \$2.150 million). This includes a fair value adjustment to the investment in Vortex Ltd and MNH Holdings Ltd and loans receivable of \$7.841 million (2021: \$nil).

Dividends

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

Fund-raising and capital

During the 2022 financial year net funds of \$14.838 million were raised through direct subscriptions from the issue of new ordinary shares (2021: \$3.609 million).

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

Borrowings

During the financial year, no additional borrowings were raised.

Other key elements of financial position

The Group concluded an Offtake and Marketing Agreement with Canmax (formerly Suzhou TA&A Ultra Clean Technology Co Ltd) for the pre-purchase of spodumene concentrate from the Zulu Lithium mine. The total received by 31 December 2022 under this agreement amounts to \$32.464 million.

The Company's holdings in Vortex Ltd (previously Circum Minerals) amount to \$0.501 million (2021: Circum Minerals \$6.263 million).

The Company's holdings in MNH amount to \$nil (2021: \$2.079 million).

The Company's investment in property, plant and equipment during the year was \$35.997 million (2021: \$0.139 million).

Events after the reporting date

At the date these financial statements were approved, the Directors were not aware of any significant events after the reporting date other than those set out in note 33 to the financial statements.

Directors

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

- George Roach (appointed on incorporation April 2007)
- Godfrey Manhambara (appointed 27 September 2017)
- Wolfgang Hampel (appointed 10 April 2018)
- Neil Herbert (appointed 28 August 2019, resigned 30 April 2022)

- Dr Luo Wei (appointed 30 April 2022)

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 2022, the Company's issued share capital consists of 22,418,009,831 (note 19) Ordinary Shares of no-par value.

The company does not hold any Ordinary Shares in treasury.

Major Shareholders

As at 30 June 2023 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:

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>% Issued Share Capital</u>
Canmax (formerly Suzhou TA&A Ultra Clean Technology Co. Ltd)	3,000,000,000	13.14%
George Roach*	1,597,514,207	7.1%
James Goozee#	1,031,745,473	4.5%

* 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
Acting Chairman and Chief Executive Officer
 30 June 2023

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 2018, 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. Due to the ongoing medical issues pertaining to one of the members of the board of directors, the board of directors have elected to hold a number of informal virtual board calls with the attendance of most of the directors in office to discuss the operations of the Company. Since the year end, the board continued to implement the policy of holding informal board calls as so required and is also in the process of actively looking to strengthen the board of directors. 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 follows 5 Main Principles, which are herein assessed in accordance with Premier commitment to maintain the highest levels of corporate governance.

1. Leadership

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

Other key aspects of the AC include:

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

Remuneration Committee

The Remuneration Committee comprises of George Roach 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 currently exercised by the same person, George Roach agreed to act, for a limited time, as interim chairman during the development of Zulu. Once Zulu becomes cash generative, George Roach will actively engage a replacement for one of his two roles in the Company. 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. Effectiveness

The Composition of the Board

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

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

- A Chairman (George Roach on an interim basis), 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 Wolfgang Hampel as independent, notwithstanding that he participates in the Company’s share option plan and provides some technical advice to the board. The Board is satisfied that Wolfgang Hampel 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 with financial expertise to provide board oversight on all report prepared by the group financial manager, Mr Tomas Apetauer who is a chartered accountant with extensive audit and financial management experience.

Additionally, the Company has a Company Secretary in the United Kingdom 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.

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 2022, 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 as 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 28.

5. Relations with Shareholders

Dialogue with shareholders

The Company recognises that maintaining strong communications with its shareholders promotes transparency and will drive value in the medium to long-term. Accordingly, the Company has an established programme to communicate with shareholders. This done by providing regular updates on the progress of the Company, detailing recent business and strategy developments, in news releases which will be posted on the Company's website and through certain social media channels.

The Board has 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 UK adopted International Accounting 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 UK adopted International Accounting Standards, 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.

All reports 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 2024, 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.

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

George Roach

Acting Chairman and Chief Executive Officer

30 June 2023

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

Opinion on non-statutory financial statements

We have audited the consolidated non-statutory financial statements of Premier African Minerals Ltd (the 'Group') for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statements of cash flows, the consolidated statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements UK adopted international accounting standards.

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with UK adopted international accounting standards. 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, 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 relating to going concern

We draw attention to note 5 in the financial statements, which indicates that the Group is loss making and has net current liabilities. In addition, the Group is in dispute with Canmax, who have submitted a purported notice of termination of the Offtake Agreement and have required the Group to settle the prepayment amount of \$34.7m within 90 days of 25 June 2023. However, the Group has been advised that this notice of termination has no force or effect. As stated in note 5, these events or conditions, along with the other matters as set forth in note 5, 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 directors' 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:

- Reviewing the cash flow forecasts prepared by management for the period up to Jun 2026, providing challenge to key assumptions, reviewing for reasonableness and stress testing the forecasts.
- Reviewing post-year period end RNS announcements and holding detailed discussions with management about the Canmax dispute and what actions are available to the Group to resolve the situation and to obtain alternative funding;
- Reviewing the legal and other correspondence surrounding the Canmax Offtake Agreement dispute and other supporting documentation to corroborate management's explanations and their plans to resolve the situation: and
- Assessing the adequacy of going concern disclosures within the financial statements.

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 reporting units, comprising the Group's operating businesses and holding companies.

We performed full scope audits of the financial information of the components within the Group which were individually financially significant and material. We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group, as well as analytical procedures, for components which were not significant and not material. The audit work and specified audit procedures accounted for 100% of the Group's consolidated expenditures and 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant 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

Valuation of the rehabilitation provision

The Group has recognised a rehabilitation provision, under IAS 37 – contingent liabilities and contingent assets, of \$360,000 (2021: \$360,000), 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 value of the RGTS (Zimbabwe currency) against the Dollar.

How our audit addressed the key audit matter

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.

Key audit matters

Fair value of investments

The Group has recognised Investments of \$501,000 (2021: \$8,342,000) as at the reporting date.

Directors are required to assess the fair value of investments at each reporting date under IFRS 9.

As neither Vortex 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.

How our audit addressed the key audit matter

Fair value of investments

We have clarified that the Vortex shares were valued on the basis of the latest share transactions and have been written down accordingly.

We reviewed the information available for MNH and agree with management's view that that the investment should be fully impaired.

Carrying value of exploration and evaluation assets and mining properties

The Group holds intangible assets of \$4,739,000 (2021: \$4,686,000) and tangible assets of \$35,997,000 (2021: \$139,000) relating to capitalised costs, primarily in respect of the Zulu Lithium project in Zimbabwe.

There are risks that expenses have been incorrectly capitalized or that impairment indicators exist which would result in an impairment of the year end balances.

Carrying value of exploration and evaluation assets and mining properties

Our audit work in this area included:

- We have understood and assessed the methodology used in the capitalisation of these assets.
- Reviewing a sample of costs capitalised during the year to ensure they meet the recognition or classification criteria under IFRS 6, IAS 38 or IAS 16;
- Confirming that the Group has good title to any applicable licences for the mining properties.
- Evaluating the status of the projects during the year, and subsequent to the year-end, to identify and evidence any impairment indicators;
- Assessing management's impairment reviews, including challenging key assumptions and consideration of sensitivity to reasonably possible changes;

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	\$255,000
How we determined it	0.5% 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.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out in the Corporate Governance Statement, 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;
- 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 4 were indicative of potential bias;
- 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;
- reviewing correspondence with the Group'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.

MAH, Chartered Accountants

2nd Floor, 154 Bishopsgate,
London, EC2M 4LN

30 June 2023



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2022**

EXPRESSED IN US DOLLARS

	Notes	2022 \$ 000	2021 \$ 000
ASSETS			
Non-current assets			
Intangible assets	8	4,739	4,686
Investments	9	501	8,342
Property, plant and equipment	10	35,997	139
Loans Receivable	11	-	859
		<u>41,237</u>	<u>14,026</u>
Current assets			
Inventories	12	11	-
Trade and other receivables	13	180	386
Cash and cash equivalents	14	9,627	940
		<u>9,818</u>	<u>1,326</u>
TOTAL ASSETS		<u>51,055</u>	<u>15,352</u>
LIABILITIES			
Non-current liabilities			
Deferred tax	26	-	-
Provisions - rehabilitation	15	360	360
		<u>360</u>	<u>360</u>
Current liabilities			
Trade and other payables	16	33,725	556
Borrowings	18	180	180
		<u>33,905</u>	<u>736</u>
TOTAL LIABILITIES		<u>34,265</u>	<u>1,096</u>
NET ASSETS		<u>16,790</u>	<u>14,256</u>
EQUITY			
Share capital	19	70,951	56,113
Share based payment and warrant reserve	20	3,708	2,366
Revaluation reserve		711	711
Foreign currency translation reserve	7	(13,150)	(13,216)
Accumulated loss		(32,713)	(19,513)
Total equity attributed to the owners of the parent company		<u>29,507</u>	<u>26,461</u>
Non-controlling interest	21	(12,717)	(12,205)
TOTAL EQUITY		<u>16,790</u>	<u>14,256</u>

These financial statements were approved and authorised for issue by the Board on 30 June 2023 and are signed on its behalf.

George Roach
Chief Executive Officer

The notes on pages 34 to 85 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 December 2022**

Continuing operations		2022	2021
EXPRESSED IN US DOLLARS	Notes	\$ 000	\$ 000
Revenue	22	-	-
Cost of sales excluding depreciation and amortisation	23	-	-
Gross profit / (loss)		-	-
Administrative expenses	24	(4,622)	(2,366)
Operating profit / (loss)		(4,622)	(2,366)
Depreciation and amortisation	10	(54)	(14)
Other Income	22	34	133
Reversal of Impairment of Intangible assets - Zulu Lithium	8	-	4,563
Finance charges	25	-	(18)
Impairment loss for investments and loans receivable	11	(1,161)	-
		(1,181)	4,664
Profit / (Loss) before income tax		(5,803)	2,298
Income tax expense	26	-	-
Profit / (Loss) from continuing operations		(5,803)	2,298
Loss for the year		(5,803)	2,298
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange loss on translation	7	(2)	(148)
Fair Value adjustment on investments	9	(7,841)	-
		(7,843)	(148)
Total comprehensive income for the year		(13,646)	2,150
Loss attributable to:			
Owners of the Company		(5,359)	2,736
Non-controlling interests		(444)	(438)
		(5,803)	2,298
Total comprehensive income attributable to:			
Owners of the Company		(13,134)	2,608
Non-controlling interests		(512)	(458)
Total comprehensive income for the year		(13,646)	2,150
Loss per share attributable to owners of the parent (expressed in US cents)			
Basic loss per share	27	(0.03)	0.01

The notes on pages 34 to 85 are an integral part of these consolidated financial statements..

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2022

	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
EXPRESSED IN US DOLLARS								
At 1 January 2021	52,504	2,366	711	(13,088)	(22,249)	20,244	(11,747)	8,497
Loss for the period	-	-	-	-	2,736	2,736	(438)	2,298
Other comprehensive income for the period	-	-	-	(128)	-	(128)	(20)	(148)
Total comprehensive income for the period	-	-	-	(128)	2,736	2,608	(458)	2,150
Transactions with Owners								
Issue of equity shares	3,839	-	-	-	-	3,839	-	3,839
Share issue costs	(230)	-	-	-	-	(230)	-	(230)
Warrant options cancelled	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-
At 31 December 2021	56,113	2,366	711	(13,216)	(19,513)	26,461	(12,205)	14,256
Loss for the period	-	-	-	-	(5,359)	(5,359)	(444)	(5,803)
Other comprehensive income for the period	-	-	-	66	(7,841)	(7,775)	(68)	(7,843)
Total comprehensive income for the period	-	-	-	66	(13,200)	(13,134)	(512)	(13,646)
Transactions with Owners								
Issue of equity shares	15,782	-	-	-	-	15,782	-	15,782
Share issue costs	(944)	-	-	-	-	(944)	-	(944)
Warrant options cancelled	-	-	-	-	-	-	-	-
Share based payments	-	1,342	-	-	-	1,342	-	1,342
At 31 December 2022	70,951	3,708	711	(13,150)	(32,713)	29,507	(12,717)	16,790

The notes on pages 34 to 85 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December 2022

EXPRESSED IN US DOLLARS	Notes	2022 \$ 000	2021 \$ 000
Net cash inflow / (outflow) from operating activities	29	30,116	(2,564)
Investing activities			
Acquisition of property plant and equipment	10	(35,912)	(153)
Acquisition of intangible assets	8	(53)	-
Loans advanced to investment	11	(302)	(859)
Net cash used in investing activities		(36,267)	(1,012)
Financing activities			
Proceeds from borrowings granted	18	-	180
Net proceeds from issue of share capital	19	14,838	3,609
Finance charges	25	-	-
Net cash from financing activities		14,838	3,789
Net decrease in cash and cash equivalents		8,687	213
Cash and cash equivalents at beginning of year		940	727
Net cash and cash equivalents at end of year		9,627	940

The notes on pages 34 to 85 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL 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 (UK adopted International Accounting Standards). They were authorised for issue by the Company's board of directors on 30 June 2023.

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

The preparation of financial statements in conformity with UK 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 12), Trade and other receivables (note 13), Provision for rehabilitation (note 15) and Share based payment and warrant reserve (note 20).

3. Significant accounting policies

3.1 Change in significant accounting policies

The following standards, amendments and interpretations are new and effective for the year ended 31 December 2022 and have been adopted. None of the IFRS standards below had a material impact on the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 16	Leases	COVID-19 related rent concessions Extension of the practical expedient	1 April 2021
IFRS 4, IAS 7 and IFRS 16		Interest rate benchmark reform – Phase 2. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.	1 January 2021
IFRS 3	Business Combinations	Updating a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022
IAS 16	Property, Plant and Equipment	Prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.	1 January 2022
IAS 37	Provisions, contingent liabilities and contingent assets	Specifies which costs a company includes when assessing whether a contract will be loss-making.	1 January 2022

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the year ended 31 December 2022 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS 1	Presentation of Financial Statements	Clarifies that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS 1 and IAS 8	'Presentation of Financial Statements' and 'Accounting policies, changes in accounting estimates and errors'	Amendments to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
IAS 12	Deferred Taxation	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS17	Insurance contracts	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

The Directors anticipate that the adoption of these standards and the interpretations in future periods will not have a material impact on the financial statements of the Group.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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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.

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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 15 - 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 2022 is included in the following notes:

- Note 26 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 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 17 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 20 – 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).

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- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

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 2022 amounted to \$4,739 million (2021: \$4.566 million). 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.

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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 5th director who is rotated between each shareholder. The 5th director will not have a vote.
- Although the local Zimbabwean company is responsible for financing and repayment of such. Premier has secured the funding to advance RHA to production.
- There has been no operational change since the agreements were signed and Premier continues to fund RHA until it becomes cash generative.

At the financial year-end, two directors of RHA were from the Premier Group and three directors 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 Vortex Ltd (formerly Circum Minerals Ltd) is classified as an FVOCI as such is required to be measured at fair value at the reporting date. As Vortex is unlisted there are no quoted market prices. In previous years the fair value of the Vortex shares was derived using the most recent placing price. The Fair value of the Vortex shares as at 31 December 2022 was derived using the most recent placing price in 30 December 2022.
- 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 2022 was derived using the 30 June 2022 management accounts which reflected a loss before taxation of \$5.9million. Based upon those management accounts, the investment in MNH was fully impaired.
- Valuation of warrants, share options and ordinary shares issued as consideration – judgement is applied in determining appropriate assumptions to be used in calculating the fair value of the warrants, shares and share options issued. Refer accounting policy note and note 20.
- 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. No mining took place during the year, therefore the remaining life of the mine was not adjusted and resulted in no movement in the rehabilitation provision.
- The life of mine has subsequently been reassessed to a total of 10 years. The corresponding rehabilitation assets were capitalised to property, plant and equipment and is depreciated over the life of the mine.

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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 an operating loss from continuing operations amounting to \$5.803 million (2021: profit of \$2.298 million) and positive cash flows from operations amounting to \$30.116 million for the year ended 31 December 2022 (2021: negative cash flows amounting to \$2.564 million). The Group advanced Zulu through the EPO and the continuation of a Definitive Feasibility Study, by commencing construction of a pilot plant and development of the lithium ore resource. As part of the DFS, a pilot plant is being constructed and an off-take agreement has been concluded with Canmax (formerly Suzhou TA&A Ultraclean Technology Co. Ltd) with production and sale of spodumene concentrate expected in June 2023. Additionally, the Group continued with its 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 2022, current liabilities exceeded current assets by \$24.087 million (2021: current assets exceeded current liabilities by \$0.590 million). The Group raised \$14.838 million (2021: \$3.609 million) in net funding through share subscriptions to fund the construction of Zulu pilot plant and extend the Zulu EPO and DFS, 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 30 June 2026, 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

- Zulu is now commissioned with ongoing works on the optimisation of the pilot plant and process procedures to achieve nameplate throughput continuing with Stark International Projects Limited who remain the operator of the pilot plant.
- Subject to completion of further pilot plant upgrades as part of the optimisation process, Zulu has the potential to fully support all cash flow projections.

MNH

- The Company has received the June 2022 unaudited management accounts which reflects a loss of NS106.986 millions (\$5.96 million). The December 2021 management accounts reflects a loss of N\$45.6 million (\$3 million).

The Group

- During 2022 the Group issued 3,000,000,000 shares at an average price of 0.40p per share raising a total of \$14.838 million. This cash is being used to continue with the Zulu DFS and EPO exploration. As part of the DFS a pilot plant and associated mine development was undertaken.
- In May 2023 the options issued in 2017 were exercised raising £550,382 for the Group.
- Further in May 2023, direct equity raised £2,369,500 before expenses for the Group.
- The Company has the general authority to issue shares on a pre-emptive basis such as an open offer or rights issue to secure funding to support cash flow projections.

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- In June 2023, the Company received a purported notice of termination of the Offtake Agreement from Canmax following service of a Notice of Force Majeure on Canmax on the 25 June 2023. The notice of termination requires the Company to settle the prepayment amount of \$34.7m within 90 days, however the Company has been advised that this notice of termination has no force or effect.
- The Company will use its reasonable endeavours to work with CanMax during the period of Force Majeure to seek a remedy, however any dispute pertaining to the Offtake Agreement (including the Force Majeure) will be resolved in Singapore through arbitration which is expected to take over 12 months for the matter to be both heard and adjudicated on based on the nature of the dispute.
- Should the Company be unable to resolve the status with Canmax or no other party concludes an offtake agreement on terms considered fair and reasonable to Premier shareholders as a whole, then the Board does consider that there are alternative funding options available to the Company to support the cash flow projections based on the underlying value of the Company's assets and the Company's proven track record of securing funds on the public market.

In the event that the Company is unable to either resolve the status of Canmax or find an alternative offtake and marketing partner to settle the CanMax prepayment amount plus interest and Zulu fails to meet its revised production targets, then a material uncertainty exists which may cast significant doubt on the ability of the Company 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

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By operating segment 2022	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)	3,774	213	689	4,676
Other income	-	-	(34)	(34)
Finance charges	-	-	-	-
Impairment of investments and loans receivable	1,161	-	-	1,161
Loss before taxation	4,935	213	655	5,803
Assets				
Exploration and evaluation assets	176	-	4,563	4,739
Investments	501	-	-	501
Property, plant and equipment	63	-	35,934	35,997
Loans receivable	-	-	-	-
Inventories	-	-	11	11
Trade and other receivables	65	3	112	180
Cash	9,238	12	377	9,627
Total assets	10,043	15	40,997	51,055
Liabilities				
Borrowings	(180)	-	-	(180)
Bank overdraft	-	-	-	-
Trade and other payables	(33,792)	-	67	(33,725)
Provisions	-	(360)	-	(360)
Total liabilities	(33,972)	(360)	67	(34,265)
Net assets	(23,929)	(345)	41,064	16,790
Other information				
Depreciation and amortisation	7	-	47	54
Property plant and equipment additions	70	-	35,841	35,911
Costs capitalised to intangible assets	53	-	-	53

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By operating segment 2021	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)	1,543	102	734	2,379
Other income	(122)	(10)	-	(132)
Finance charges	-	18	-	18
Reversal of Impairment of Zulu	-	-	(4,563)	(4,563)
Loss before taxation	1,421	110	(3,829)	(2,298)
Assets				
Exploration and evaluation assets	123	-	4,563	4,686
Investments	8,342	-	-	8,342
Property, plant and equipment	-	-	139	139
Loans receivable	859	-	-	859
Inventories	-	-	-	-
Trade and other receivables	11	5	370	386
Cash	919	2	19	940
Total assets	10,254	7	5,091	15,352
Liabilities				
Borrowings	(180)	-	-	(180)
Bank overdraft	-	-	-	-
Trade and other payables	(556)	-	-	(556)
Provisions	-	(360)	-	(360)
Total liabilities	(736)	(360)	-	(1,096)
Net assets	9,518	(353)	5,091	14,256
Other information				
Depreciation and amortisation	-	-	14	14
Property plant and equipment additions	-	-	154	154
Costs capitalised to intangible assets	123	-	-	123

*Represents 100% of the results and financial position of RHA Tungsten (Private) Limited ("RHA") whereas the Group owns 49%. Non-controlling interests are disclosed in note 21.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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:

- 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;
- 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;
- 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;
- interest rates, wages and prices are linked to a price index; and
- 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 684.3339: \$1 (2021: RTGS 108.6660 : \$1) whilst the official inflation rate has moved to 105.50% (2021: 60.70%) 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 2022.

	Inflation Rate	Exchange Rate RTGS : US\$	Inflation Rate	Exchange Rate RTGS : US\$
	2022	2022	2021	2021
January	60.60%	115.4223	362.63%	82.6756
February	66.10%	124.0189	321.59%	83.8868
March	72.70%	142.4237	240.55%	84.4001
April	96.40%	159.3482	194.07%	84.5032
May	131.70%	301.4994	161.91%	84.7259
June	70.00%	370.9646	106.60%	85.4234
July	96.10%	443.8823	56.37%	85.6402
August	106.30%	546.8254	50.24%	85.9084
September	107.50%	621.8922	51.55%	87.6653
October	108.70%	632.7703	54.50%	97.1361
November	107.10%	654.9284	58.40%	105.6684
December	105.50%	684.3339	60.70%	108.6660

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 2022 and the corresponding comparative figures for the year ended 31 December 2021.

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 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Intangible assets

	2022	2021
	\$ 000	\$ 000
Exploration and evaluations assets	4,739	4,686
Total intangible assets	<u>4,739</u>	<u>4,686</u>
Opening carrying value	4,686	120
Expenditure on options to conduct exploration and evaluation	53	-
Impairment of Exploration and evaluation assets	-	-
Reversal of impairment of Zulu Lithium's E&E assets	-	4,563
Additional costs capitalised to the Li3 assets	-	3
Closing carrying value	<u>4,739</u>	<u>4,686</u>

During the 2021 year, the market conditions for lithium improved substantially. This improvement enabled management to revisit the assumptions surrounding the impairment of the Zulu Lithium Exploration and Evaluation assets. Based upon the current market conditions and associated assumptions, management has reversed the impairment of the Zulu Lithium's Exploration and Evaluation assets.

During the 2020 year the company acquired a portfolio of hard-rock lithium assets located in Zimbabwe and Mozambique from Lithium Consolidated Ltd ("Li3").

During the year \$0.053million was expended to purchase an option to conduct exploration on Turwi Gold.

Zulu Lithium and Tantalite Project

During the year \$nil (2021: \$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.

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 \$975/t
- Price of petalite concentrate \$400/t
- Discount rate 25%
- Operating costs per combined tonnage of concentrate \$486/t
- Estimated 15 year life of mine
- Average strip ratio of 5.5:1

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

For additional information on events after the reporting date, refer to note 33.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Investments

	Vortex Ltd (formerly Circum Minerals) \$ 000	Manganese Namibian Holdings \$ 000	Total \$ 000
Opening carrying value 2021	6,263	-	6,263
Shares acquired	-	2,079	2,079
Fair value adjustment	-	-	-
Closing carrying value 2021	6,263	2,079	8,342
Shares acquired	-	-	-
Fair value adjustment	(5,762)	(2,079)	(7,841)
Closing carrying value 2022	501	-	501
Reconciliation of movements in investments			
Opening carrying value 2021 (1) (2)	6,263	-	6,263
Acquisition at fair value 2021 (3)	-	2,079	2,079
Opening carrying value 2022	6,263	2,079	8,342
Acquisition of shares	-	-	-
Fair value adjustment	(5,762)	(2,079)	(7,841)
Closing carrying value 2022	501	-	501

(1) Represents 5 million shares in unlisted entity Circum.

(2) As Circum is unlisted there are no quoted markets. The fair value of the Circum shares was derived using the previous issue price and validating it against the most recent placing price on 30 December 2022 of \$0.10 per share. In March 2022, the shares were sold at book value to Vortex Limited in exchange for shares in Vortex Limited.

(3) Represents a purchase of 19.9% 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 have an indirect interest in 5,010,333 shares in Circum held by Vortex and currently valued in total at \$0.501 million (2021: \$6.263 million). Circum published a general update to shareholders in May 2021 and the major shareholders and directors of Circum 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 2022 amounted to \$0.501 million (2021: \$8.342 million).

Premier's investment in Vortex is classified as FVOCI and as such is required to be measured at fair value at each reporting date. As Vortex is unlisted there are no quoted market prices. The fair value of the Circum shares held by Vortex was derived using the previous issue price and validating it against the most recent placing price on 30 December 2022.

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 fully impaired based on their most recently available financial information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Sensitivity analysis

The investments are subject to changes in market prices. A 10% reduction in market prices would result in a \$0.050 million (2021: \$0.834 million) charge to Other Comprehensive Income.

10. Property, plant and equipment

	Mine Development \$ 000	Plant and Equipment \$ 000	Land and Buildings \$ 000	Capital Work-in- Progress	Total \$ 000
Cost					
At 1 January 2021	943	2,694	35	-	3,672
Exchange differences (1)	(48)	(22)	(8)	-	(78)
Transfer from Capital Work in Progress	-	-	-	-	-
Additions	-	140	14	-	154
Disposals	-	-	-	-	-
At 31 December 2021	895	2,812	41	-	3,748
Exchange differences (1)	(122)	(54)	(22)	-	(198)
Additions	-	700	255	34,956	35,911
Disposals	-	-	-	-	-
At 31 December 2022	773	3,458	274	34,956	39,461
Accumulated Depreciation and Impairment Losses					
At 1 January 2021	943	2,694	35	-	3,672
Charge for the period	-	-	-	-	-
Exchange differences (1)	(48)	(21)	(8)	-	(77)
Charge for the year	-	14	-	-	14
Impairment of RHA	-	-	-	-	-
At 31 December 2021	895	2,687	27	-	3,609
Exchange differences (1)	(122)	(54)	(23)	-	(199)
Charge for the year	-	44	10	-	54
Impairment	-	-	-	-	-
At 31 December 2022	773	2,677	14	-	3,464
Net Book Value					
At 31 December 2021	-	125	14	-	139
At 31 December 2022	-	781	260	34,956	35,997

Refer to note 7 Hyperinflationary Accounting.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Loans receivable

	2022	2021
	\$ 000	\$ 000
Outback Investments Pty Ltd	-	414
Otjozondou Mining (Pty) Ltd	-	445
Vortex Ltd	-	-
	<u>-</u>	<u>859</u>

The above loans are made to a subsidiary and a related party of MN Holdings (Pty) Ltd and are held at amortised cost.

The purpose of the Outback Investments Pty Ltd loan was to enable MNH to lease and acquire the remaining extent of the Ebenezer No 377 Farm which contains untreated tailings facilities from the Purity Mining Project as announced on the 8th of July 2019. The loan will be forgiven following the uninterrupted use of the farm land for the treatment of the tailing facilities for a period of up to 10 years. During this period Premier has rights to these tailings facilities. The loan is interest free. The loan is only repayable upon default by Outback Investments.

The loan to Otjozondou Mining is to assist with funding the day to day operations and is in accordance with the RNS of 31st August 2021. Premier has provided a loan of \$265,000 which bears interest of 20% and is repayable in instalments of \$25,000 per shipment of manganese shipped from Namibia. The balance of \$180,000 has been provided interest free as it is linked to the loan from Neil Herbert, see note 18 for additional information. These loans have been fully impaired based upon the 30 June 2022 management accounts of Otjozondou Mine, which as per note 5, reflect a trading loss of \$5.96 million.

During the year the Group advanced \$0.243 million to Vortex Ltd to enable Vortex Ltd to participate in rights issues conducted by Circum Minerals Ltd. The most recent rights issue on 30 December 2022 for \$0.10 per Circum share. Due to the price of the rights issue, the Group fully impaired the loan advanced.

12. Inventories

	2022	2021
	\$ 000	\$ 000
Mine consumables	11	-
	<u>11</u>	<u>1</u>

13. Trade and other receivables

	2022	2021
	\$ 000	\$ 000
Indirect tax receivable	3	6
Other receivables	52	-
Prepayments	125	380
	<u>180</u>	<u>386</u>
Current	180	386
Non-current	-	-
	<u>180</u>	<u>386</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 \$ 000	2021 \$ 000
The exposure to credit risk for trade receivables by geographic region was as follows:		
Zimbabwe	3	5
Other	52	-
	<u>55</u>	<u>5</u>

The exposure to credit risk for trade receivables by counterparty was as follows:

Zimbabwe Revenue Authority	3	3
Other	52	2
	<u>55</u>	<u>5</u>

The exposure to credit risk for trade receivables by credit rating was as follows:

External credit ratings	-	-
Other	55	5
	<u>55</u>	<u>5</u>

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 2022 the Group does not have any contract assets 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 2022, as all trade receivables generated during the financial year were settled in full prior to the year-end.

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

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

14. Cash and cash equivalents

	2022 \$ 000	2021 \$ 000
Bank balances	9,627	940
Cash and cash equivalents per the statement of cash flows	<u>9,627</u>	<u>940</u>

15. Provisions – rehabilitation

	2022 \$ 000	2021 \$ 000
As at 1 January	360	153
Foreign Exchange variation on translation	-	189
Unwinding of discount	-	18

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 December

360	360
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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

	2022 \$ 000	2021 \$ 000
Trade payables	984	250
Accrued expenses	273	298
Advance receipt by Canmax	32,464	-
Payroll liabilities	4	8
	33,725	556

During the year the Group entered into an Offtake and Marketing agreement with Canmax, whereby Canmax would prepurchase 143,000 tonnes of spodumene concentrate that will be produced by the Group’s Zulu mine.

All trade and other payables at 31 December 2022 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. Contingent Liability

Premier engaged China Zenith Capital Ltd to facilitate the placement of 3,000,000,000 shares with Canmax. Subsequent to that, the Group entered into an Offtake and Marketing agreement with Canmax, whereby Canmax would prepurchase 143,000 tonnes of spodumene concentrate that will be produced by the Group’s Zulu mine. China Zenith Capital Ltd are suing Premier for approximately \$1,350,000, claiming a success fee based on Premier’s consultancy agreement with them. Premier has rejected China Zenith Capital’s claim on the basis that it has no foundation for the claim. No provision has been made for this contingent liability.

18. Borrowings

	2022 \$ 000	2021 \$ 000
Loan Neil Herbert	180	180
	180	180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 \$ 000	2021 \$ 000
Reconciliation of movement in borrowings		
As at 1 January	180	-
Loans received (1) (2)	-	180
Loans repaid through conversion to equity (1) (3) (4)	-	-
Implementation fee	-	-
Accrued interest	-	-
As at 31 December	<u>180</u>	<u>180</u>
Current	180	180
Non-current	-	-
	<u>180</u>	<u>180</u>

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

- (1) Neil Herbert made available a loan of US\$180,000 to the Company. Under the terms of the Director Loan, the loan is both unsecured and will not attract any interest and is repayable in full by the Company on the signing of a new off-take agreement at Otjozondu. The purpose of the Director Loan is to provide funding to Premier to allow an amendment to the Otjozondu Loan while Premier, acting collectively with Otjozondu, looks to secure the best possible off-take funding package.

At 31 December 2022 the off-take funding had not been secured and Mr Herbert agreed to the deferment of the repayment of the loan until such off-take agreement has been secured.

19. Share capital

Authorised share capital

22.42 billion (2021: 19.42 billion) ordinary shares of no par value.

Issued share capital

	Number of Shares '000	Value \$ 000
As at 1 January 2021	<u>17,793,009</u>	<u>55,593</u>
Shares issued for direct Investment (1)	625,000	1,416
Shares issued for direct Investment (2)	500,000	1,364
Shares issued for direct Investment (3)	500,000	1,059
As at 31 December 2021	<u>19,418,009</u>	<u>59,432</u>
Shares issued for direct Investment (4)	3,000,000	15,782
As at 31 December 2022	<u>22,418,009</u>	<u>75,214</u>
Less cumulative share costs		(4,263)
Net share capital as at 31 December 2022		<u>70,951</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- (1) On the 03 June 2021, the Company issued 625 000 000 shares under a subscription agreement at a price of 0,16p for a total value of \$1.501 million
- (2) On the 17 August 2021 the Company issued 500 000 000 shares under a subscription agreement at a price of 0,02p for a total value of \$1.446 million
- (3) On the 14 December 2021 the Company issued 500 000 000 shares under a subscription agreement at a price of 0,16p for a total value of \$1.122 million
- (4) On the 30 March 2022 the Company issued 3 000 000 000 shares under a subscription agreement at a price of 0,4p for a total value of \$15.782 million

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

	2022	2021
	\$ 000	\$ 000
As at 1 January	56,113	52,504
Shares issued under subscription agreements – cash flow	-	-
Shares issued to settle trade payables	-	-
Shares issued on conversion of loans and loan notes (note 12) - non-cash	-	-
Shares issued to purchase Investment in MNH	-	-
Share issue costs – cash flow	(944)	(230)
Shares issued for direct Investment	15,782	3,839
As at 31 December	<u>70,951</u>	<u>56,113</u>

20. Share based payment and warrant reserve

	2022	2021
	\$ 000	\$ 000
Share options and warrants reserve beginning of year	2,366	2,366
Warrants granted	-	-
Share options granted	1,342	-
Warrants cancelled	-	-
Share options and warrants reserve end of year	<u>3,708</u>	<u>2,366</u>

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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
Directors	30/05/2022	See 4 below	122,500	Nil	31/05/2032	0.32p
Consultants	30/05/2022	See 4 below	202,500	Nil	31/05/2032	0.32p
Directors	30/05/2022	See 6 below	65,000	0.4p	31/05/2032	0.18p
Consultants	30/05/2022	See 6 below	202,500	0.4p	31/05/2032	0.18p
Directors	30/05/2022	See 5 below	65,000	0.5p	31/05/2032	0.19p
Consultants	30/05/2022	See 5 below	202,500	0.5p	31/05/2032	0.19p
Directors	30/05/2022	See 7 below	65,000	0.5p	31/05/2032	0.19p
Consultants	30/05/2022	See 7 below	202,500	0.5p	31/05/2032	0.19p
Total number of options			1,373,436			

Issued to:

- Directors	429,272
- Employees and consultants	924,664
- Management	19,500
	<u>1,373,436</u>

Less:

- Options exercised in prior years	27,257
- Options cancelled in prior years	32,803
Total options in issue at 31 December 2022	<u>1,313,376</u>

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Company has granted the following share options during the years up to 31 December 2022:

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.
6. These share options vest on the 18 month 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.
7. These share options vest on the 30 month 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 2021.

The fair value of the options granted during the year ended 31 December 2022 was \$1.342 million (2021: \$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 2022	Exercised during the year	Cancelled / Lapsed during the year	Granted during the year	In issue as at 31 December 2022
Directors:					
- G. Roach	21,517	-	(2,517)	260,000	279,000
- W. Hampel	8,000	-	-	17,500	25,500
- G. Manhambara	-	-	-	40,000	40,000
- N. Herbert (resigned)	4,000	-	-	-	4,000
- M. Foster (resigned)	18,000	-	-	-	18,000
- Resigned directors	40,941	-	-	-	40,941
Other option holders	107,891	-	(11,955)	810,000	905,936
	<u>200,349</u>	<u>-</u>	<u>(14,472)</u>	<u>1,127,500</u>	<u>1,313,377</u>

The Group has the following share options outstanding:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Grant Date	Expiry Date	Exercise Price	Number of options outstanding '000	Number of options vested and exercisable '000
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
30/05/2022	31/05/2032	Nil	325,000	0
30/05/2022	31/05/2032	0.40p	267,500	0
30/05/2022	31/05/2032	0.50p	267,500	0
30/05/2022	31/05/2032	0.50p	267,500	0

The following table lists the inputs into the valuation model.

	Dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Share price at grant date	Exercise price
Issue - 30 May 2022	-	70.00	3.02	0.32p	0.00p
Issue - 30 May 2022	-	70.00	3.02	0.32p	0.4p
Issue - 30 May 2022	-	70.00	3.02	0.32p	0.5p
Issue - 30 May 2022	-	70.00	3.02	0.32p	0.5p
Issue - 19 Jan 2017	-	236.0	1.43	0.28p	0.28p
Issue - 19 Jan 2017	-	236.0	1.43	0.28p	0.40p
Issue - 13 Mar 2015	-	100.0	1.71	0.9p	0.9p
Issue - 13 Mar 2015	-	100.0	1.71	0.9p	1.17p
issue - 29 Jul 2014	-	148.0	1.71	1.15p	1.15p
issue - 29 Jul 2014	-	148.0	1.71	1.15p	1.5p

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:

	2022		2021	
	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	1,127,500	0.33p	-	-
Options outstanding, end of year	1,327,849	0.35p	200,349	0.55p

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The weighted-average life of the options in issue as at 31 December 2022 is 8 years and 2 days (2021 – 3 years and 27 days.)

Warrants

The Company did not grant warrant options during the year (2021: nil)

A summary of the status of the Company's share warrants as of 31 December 2020 and changes during the year are as follows:

	2022 '000	2021 '000
Warrants outstanding, beginning of year	-	-
Granted	-	-
Expired	-	-
Exercised	-	-
Cancelled *	-	-
Warrants outstanding, end of year	-	-

During the year ending 31 December 2021 nil (2021 - nil) warrants granted to an advisor expired.

There are no warrants outstanding in favour of the Directors.

Premier's share price opened at 0.185p in January 2022, traded at an average of 0.32p, with a high of 0.565 and low of 0.179p during the year and closed at 0.505p on 31 December 2022.

21. Non-controlling interest

	2022 \$ 000	2021 \$ 000
RHA Tungsten Limited (51% Non-controlling interest)		
At 1 January	(12,205)	(11,747)
Foreign exchange and hyper-inflationary adjustments	-	
Non-controlling interest in share of profit / (losses) for the year - RHA	(68)	(20)
Non-controlling interest in share of other comprehensive income for the period	(444)	(438)
At 31 December	(12,717)	(12,205)

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022	2021
	RHA	RHA
Non-controlling Interest percentage	51%	51%
Non-current assets	-	-
Current assets	15	8
Non-current liabilities	(18,516)	(18,319)
Current liabilities	(6,434)	(5,621)
Net assets	<u>(24,935)</u>	<u>(23,932)</u>
Net assets attributed to Non-controlling Interest	<u>(12,717)</u>	<u>(12,205)</u>
Revenue	-	-
Profit / (Loss)	(870)	(858)
Other Comprehensive Income /(Loss)	(134)	(40)
Total comprehensive income	<u>(1,004)</u>	<u>(898)</u>
Loss allocated to NCI	<u>(512)</u>	<u>(458)</u>

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

22. Revenue

	2022	2021
	\$ 000	\$ 000
Major product/service lines		
Sale of Wolframite	-	-
Sale of scrap	-	-
Reserve Bank of Zimbabwe Export Incentive	-	-
Total revenue	<u>-</u>	<u>-</u>
Prescription of debts	34	133
Total other income	<u>34</u>	<u>133</u>
Gross revenue	<u>34</u>	<u>133</u>
Primary Geographical Markets		
Africa	34	133
	<u>34</u>	<u>133</u>
Timing of revenue recognition		
Products transferred at a point in time	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Cost of sales excluding depreciation and amortisation

	2022 \$ 000	2021 \$ 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)	-	-
	<hr/>	<hr/>
	-	-

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

24. Administrative expenses

	2022 \$ 000	2021 \$ 000
Audit fees - Holding company	42	44
- Under provision prior year	7	3
- Over provision prior year	-	-
Staff costs	53	568
Consulting and advisory fees	1,369	1,199
Directors' fees	116	118
Accounting and legal fees	230	143
Marketing and public relations	22	3
Travel	380	50
Security costs	33	7
Vehicle operating costs	47	9
Insurance	53	8
Office and administration	306	88
Short term non-capitalised lease payments	126	114
Foreign exchange losses	480	12
Share based payment (note 20)	1,342	-
Exploration costs	16	-
	<hr/>	<hr/>
	4,622	2,366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Number of staff	2022	2021
Directors of the Holding Company	4	4
Administrative staff	0	0
Total Holding Company staff	<u>4</u>	<u>4</u>
Directors of subsidiaries	3	1
Subsidiary administrative and operating staff	<u>12</u>	<u>6</u>
Total staff	<u>19</u>	<u>11</u>

25. Finance charges

	2022	2021
	\$ 000	\$ 000
Interest charged by suppliers	-	-
Interest on borrowings	-	-
Derivative financial liability transaction costs	-	-
Unwinding of discount on provisions	-	18
Loss on extinguishment of debt	-	-
Interest on finance lease	-	-
	<u>-</u>	<u>18</u>

26. Taxation

Deferred tax	2022	2021
	\$ 000	\$ 000
As at 1 January	-	-
As at 31 December	<u>-</u>	<u>-</u>
Income Tax		
Taxation charge for the year	<u>-</u>	<u>-</u>

There is no taxation charge for the year ended 31 December 2022 (2021: 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 15,862.422 million (2021: RTGS 1,615.272 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of effective tax rate	2022	2022	2021	2021
		\$ 000		\$ 000
(Loss) / Income before tax from continuing operations	-	(5,803)	-	2,298
Tax using the Zimbabwean company tax rate	25%	1,451	25%	(575)
Tax effect of:				
Effects of tax rates in foreign jurisdictions	(25%)	(1,451)	(25%)	575

Contingent liability

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

27. Loss per share

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

	2022	2021
	\$ 000	\$ 000
Net loss attributable to owners of the company (\$ 000)	(5,803)	2,298
Weighted average number of Ordinary Shares in calculating basic earnings per share ('000)	21,686,502	18,337,187
Basic loss per share (US cents)	(0.03)	0.01
Diluted loss per share (US cents)	(0.03)	0.01
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	19,418,009	17,793,009
Weighted average of shares issued during the year ('000)	2,268,493	544,178
Weighted average number of ordinary shares at 31 December ('000)	21,686,502	18,337,187

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.

	2022	2021
	\$ 000	\$ 000
Potential dilutive effect on earnings per share		
Options issued	1,327,849	200,349
Warrants issued	-	-
Convertible loan notes	-	-
Total potentially dilutive shares	1,327,849	200,349

Refer to note 33 Post balance sheet events for additional potentially dilutive transactions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Directors' remuneration

	Directors' fees	Consultancy Fees	Share Options	Total
2022	\$ 000	\$ 000	\$ 000	\$ 000
Executive Directors				
George Roach - current	-	275	-	275
Non-Executive Directors				
Godfrey Manhambara - current	42	-	-	42
Wolfgang Hampel	42	-	-	42
Neil Herbert	-	11	-	11
Dr Wei Lou	31	-	-	31
	115	286	-	401

	Directors' fees	Consultancy Fees	Share Options	Total
2021	\$ 000	\$ 000	\$ 000	\$ 000
Executive Directors				
George Roach - current	-	275	-	345
- backdated increase	-	70	-	
Non-Executive Directors				
Godfrey Manhambara - current	42	-	-	87
- backdated increase	45	-	-	
Wolfgang Hampel	31	-	-	31
Neil Herbert	-	36	-	36
	118	381	-	499

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

The Directors' fees disclosed in note 24 include nil (2021: nil) being the fees paid to Directors of RHA, who are not directors of the parent company.

29. Notes to the statement of cash flows

Cash and cash equivalents comprise cash at bank, bank overdrafts and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets is approximately equal to their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022	2021
	\$ 000	\$ 000
Profit / (Loss) before tax	(5,803)	2,298
Adjustments for:		
Finance charges	-	18
Foreign exchange variations	1,342	43
Settlement agreement on Finance lease	-	-
Impairment of Investments and loans receivable	1,161	-
Reversal of Impairment of intangible assets - Zulu	-	(4,566)
Depreciation and amortisation	54	14
Operating cash flows before movements in working capital	(3,246)	(2,193)
(Increase)/decrease in inventories	(11)	1
(Increase)/decrease in receivables	206	(379)
Increase/(decrease) in payables	33,167	7
Net cash inflow / (outflow) from operating activities	30,116	(2,564)

	2021	2020
	\$ 000	\$ 000
Reconciliation of Non-Cash Transactions		
Share Capital		
Shares issued	15,782	3,839
Less: Share issue costs	(944)	(230)
Less: Settlement of payables	-	-
	14,838	3,609

Finance Charges		
Finance charge expense	-	(18)
Less: Unwinding of discount on the Provision for rehabilitation	-	18
Less: Interest accrued on loans and other payables	-	-
	-	-

	Cash and cash equivalents	Borrowings	Total debt	Net debt
	£	£	£	£
Net debt as at 31 December 2020	727	-	-	727
Cash flows	256	(180)	(180)	76
Foreign exchange adjustments	(43)	-	-	(43)
Net debt as at 31 December 2021	940	(180)	(180)	760
Cash flows	7,345	-	-	7,345
Foreign exchange adjustments	1,342	-	-	1,342
Net debt as at 31 December 2022	9,627	(180)	(180)	9,447

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. 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 2022 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.



Premier
African
Minerals

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2022	Note	Carrying value			Total	Fair value			
		FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Financial assets measured at fair value									
		501	-	-	501	-	-	501	501
		501	-	-	501				
Financial assets not measured at fair value									
		-	-	-	-				
		-	-	-	-				
		-	-	-	-				
Financial liabilities measured at fair value									
		-	-	-	-				
		-	-	-	-				
Financial liabilities not measured at fair value									
		-	-	-	-				
		-	-	-	-				
		-	-	-	-				
		-	-	(33,725)	(33,725)				
		-	-	(33,725)	(33,725)				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2021	Note	Carrying value			Total \$ 000	Fair value			
		FVOCI - equity instruments \$ 000	Financial assets at amortised cost \$ 000	Other financial liabilities \$ 000		Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets measured at fair value									
		8,342	-	-	8,342	-	-	8,342	8,342
		8,342	-	-	8,342				
Financial assets not measured at fair value									
		-	5	-	5				
		-	-	-	-				
		-	5	-	5				
Financial liabilities measured at fair value									
		-	-	-	-				
		-	-	-	-				
Financial liabilities not measured at fair value									
		-	-	-	-				
		-	-	-	-				
		-	-	-	-				
		-	-	(556)	(556)				
		-	-	(556)	(556)				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	<i>Current market value technique:</i> 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 2021, for unrecoverable sundry debtors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 22.

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.

	2022 \$ 000	2021 \$ 000
The exposure to credit risk for trade receivables by geographic region was as follows:		
Zimbabwe	-	-
Other	-	-
	<u>-</u>	<u>-</u>
The exposure to credit risk for trade receivables by counterparty was as follows:		
Zimbabwe Revenue Authority	2	5
Other	-	-
	<u>2</u>	<u>5</u>
The exposure to credit risk for trade receivables by credit rating was as follows:		
External credit ratings	-	-
Other	2	5
	<u>2</u>	<u>5</u>

Expected credit loss assessment for corporate customers as at 31 December 2022 and 31 December 2021

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 2022 (2021 - nil)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 (2021 – nil).

Cash and cash equivalents

As at 31 December 2022, the Group held \$9.627 million in cash and cash equivalents (2021: \$0.940 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.

31 December 2022	Carrying value \$ 000	Total \$ 000	Contractual cash flows				
			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	(33,725)	(33,725)	(33,725)	-	-	-	-
	(33,725)	(33,725)	(33,725)	-	-	-	-
Derivative financial liabilities							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2021	Contractual cash flows						
	Carrying value	Total	2 Months or less	2 to 12 Months	1 to 2 Years	2 to 5 Years	More than 5 years
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Non- derivative financial liabilities							
Bank overdrafts	-	-	-	-	-	-	-
Unsecured shareholder's loan	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-	-
Trade payables	(556)	(556)	(556)	-	-	-	-
	(556)	(556)	(556)	-	-	-	-
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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Exposure to currency risk

	31 December 2022					31 December 2021				
	EUR	GBP	USD	ZAR	RTGS	EUR	GBP	USD	ZAR	RTGS
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Trade receivables	-	-	-	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-	-	-	-
Trade payables	(13)	(28)	(15)	(523)	(231)	-	(98)	(189)	(87)	(3,143)
Net statement of financial position exposure	(13)	(28)	(15)	(523)	(231)	-	(98)	(189)	(87)	(3,143)
Next 6 months forecast sales	-	-	-	-	-	-	-	-	-	-
Next 6 months forecast purchases	(129)	(596)	(7,029)	(23,997)	(4,883)	(379)	(392)	(2,391)	(3,048)	(1,327)
Net forecast transaction exposure	(129)	(596)	(7,029)	(23,997)	(4,883)	(379)	(392)	(2,391)	(3,048)	(1,327)
Net exposure	(142)	(624)	(7,044)	(24,520)	(5,114)	(379)	(490)	(2,580)	(3,135)	(4,470)

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	
	2022	2021	2022	2021
Euro	1.0540	1.1921	1.0702	1.2281
GBP	1.2355	1.3867	1.2097	1.421
ZAR	0.0589	0.0682	0.0591	0.0741
RTGS	399.859	87.9503	684.334	108.666

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	Liabilities		Assets	
	2022 '000	2021 '000	2022 '000	2021 '000
Sterling (£)	28	11	-	-
Euro (€)	13	77	-	-
South African Rand (ZAR)	523	540	-	-
Real Time Gross Settlement of USD (RTGS)	231	12,707	-	-

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 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

	2022 \$ 000	2021 \$ 000
Exchange rates:		
+10% \$ Sterling (GBP)	(3)	(10)
-10% \$ Sterling (GBP)	3	10
+10% \$ RTGS	(23)	(314)
-10% \$ RTGS	23	314

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

	2022	2021
	\$ 000	\$ 000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<hr/>	<hr/>
	-	-

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or 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.

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 Vortex (formerly Circum) and MNH shares are in privately held exploration companies, the fair values were estimated using observable placing prices where available.

Vortex and MNH are unlisted and there are no quoted market prices. The fair value of the Vortex shares was derived using the previous issue price and validating it against the most recent placing price on 30 December 2022. The fair value of MNH shares was derived from the latest financial information and was fully impaired..

Capital management

The Group manages its capital resources to ensure that entities in the Group will be able to continue as a going concern, while maximising shareholder return.

The capital structure of the Group consists of equity attributable to shareholders, comprising issued share capital and reserves. The availability of new capital will depend on many factors including a positive mineral exploration environment, positive stock market conditions, the Group's track record, and the experience of management. There are no externally imposed capital requirements. The Directors are confident that adequate cash resources exist or will be made available to finance operations but controls over expenditure are carefully managed.

31. Subsidiaries

Premier had investments in the following subsidiary undertakings as at 31 December 2022, which principally affected the losses and net assets of the Group:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31.1 Subsidiaries held during the year

Name	Country of incorporation and operation	Proportion of voting interest %		Activity
		2022	2021	
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	100	Exploration
Li3 Mozambique (Pty) Ltd	Australia	100	100	Holding Companies
Li3B Mozambique (Pty) Ltd	Australia	100	100	Holding Companies
Li3C Mozambique (Pty) Ltd	Australia	100	100	Holding Companies
Lithium B S.A.	Mozambique	100	100	Exploration
Premier African Minerals (South Africa) (Pty) Ltd	South Africa	100	N/a	Procurement assistance

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

31.2 Acquisition of subsidiaries

During the year ended 31 December 2020 the Group acquired 100% of the following companies:

Company Name	Number of shares purchased	Purchase Consideration	Country of Incorporation	Main Activity
Premier African Minerals (South Africa) (Pty) Ltd	100	\$nil	South Africa	Procurement assistance
Total purchase consideration		\$nil		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Related party transactions

Ultimate controlling party

There is no single ultimate controlling party.

Transactions with key management personnel

Borrowings

During the 2021 financial year, Neil Herbert advanced \$0.180 million to Premier African Minerals to facilitate an additional loan to MN Holdings. At 31 December 2022 the loan was still owing.

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*.

	2022 \$ 000	2021 \$ 000
Staff costs	53	568
Consulting and advisory fees	286	381
Directors' fees	116	118
	<u>455</u>	<u>1,067</u>

33. Events after the reporting date

33.1 Corporate matters

On the 27 April 2023 all options under the 2017 Options Award (as announced on 19 January 2017) with half the number of options shares exercised at the price of 0.28p and the other half at the price 0.40p per ordinary share. Accordingly, together with the 24,500,000 options exercised by current directors, in aggregate, a total of 161,877,130 new ordinary shares were issued by Company pursuant to the exercise of the options. The total proceeds of the exercise amounts to £550,382.24 which will be used by the Company for general working capital purposes.

In May 2023, the Company appointed MAH, Chartered Accountants as its new independent auditor following the resignation of Jeffreys Henry LLP as a result of their insufficient capacity to satisfy its regulatory requirements in respect of its audit engagement with Premier.

In May 2023, Premier concluded a direct equity raise of £1,759,500 before expenses at an issue price of 0.925 pence per new ordinary share for the ongoing Zulu Pilot Plant Optimisation.

In May 2023, Premier concluded a further direct equity raise of £610,000 before expenses at an issue price of 0.925 pence per new ordinary share for the ongoing Zulu Pilot Plant Optimisation. George Roach participated directly in this equity raise by way of subscription of £110,000.

Pursuant to the above equity raise, the Company agreed to appoint CMC Markets UK Plc as joint broker to the Company.

On 26 June 2023, the Company held its Annual General Meeting. At the meeting George Roach was reappointed to the board of directors of the Company by the simple majority following his retirement by rotation and the resolution for the board of directors to disapply pre-emption rights for 4 billion shares for a period of 24 month failed to be approved by special majority.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33.2 Offtake and Prepayment Agreement

In accordance with Offtake and Prepayment Agreement ("Agreement") entered into on 3 August 2022 between Premier and Canmax, Premier was required to supply product by 30 May 2023, failing which Canmax has the right to terminate the Agreement by notice in writing to Premier and Premier will need to enact repayment of the prepayment amount plus interest in full within ninety (90) days of such termination notice. Premier has been accruing interest at 3.5% per annum (subject to adjustment from time to time in accordance with loan prime rate as published by the People's Bank of China) to Canmax in accordance with the Agreement.

Premier advised CanMax that further funding would be required to achieve the required obligation under the Agreement and both parties have expressed their intention to reach agreement and to proceed with the conclusion of a suitable amendment to the Agreement, while no amendment has been signed to date.

On 25 June 2023, Premier served CanMax with a Force Majeure notice ("FM Notice") as the milling and sizing component of the plant required certain limited modifications to allow for full optimisation to design capacity throughput. In particular, Premier had been informed by plant designer that the plant is unable to provide material correctly sized and in sufficient tonnage from the comminution section to the floatation plant to meet the concentrate production contemplated under the Agreement. Inter alia, the bearing seal assemblies in the EDS mill are unable to prevent dust and liquid ingress into the bearing assembly and consequentially must be redesigned.

The immediate effect of the FM Notice is the suspension of all obligations under the Agreement including those associated with delivery of Product by Premier and any consequences associated with it. Specifically, this suspends for the duration of the Force Majeure event, any consequence, notice, interest, or the like associated with the delivery of Product. The existing Agreement makes provision for such an event of Force Majeure and contemplates a maximum time of six months during which the cause or causes of the Force Majeure should be rectified. In Premier's current opinion, in the light of recent developments, a de facto state of Force Majeure has therefore been in existence from 25 May 2023.

On 28 June 2023, the Company received a purported notice of termination of the Offtake Agreement from Canmax following service of a Notice of Force Majeure on Canmax on the 25 June 2023. The notice of termination requires the Company to settle the prepayment amount of \$34.7m within 90 days, however the Company has been advised that this notice of termination has no force or effect.

Premier remains committed to an equitable solution and will continue to engage with Canmax to the extent to which Canmax is so prepared.

34 Ultimate Controlling Company

There is no single ultimate controlling company for Premier.

