

**Registration number 05875525 (England and Wales)**

**NORTH RIVER RESOURCES PLC  
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

# NORTH RIVER RESOURCES PLC

## CONTENTS

---

	<b>Page</b>
Directors, Secretary and Advisors	3
Chairman's Statement	4
Strategic Report	11
Directors' Report	14
Independent Auditors' Report	16
Consolidated Statement of Comprehensive Income	18
Consolidated and Parent Company Statements of Financial Position	19
Consolidated and Parent Company Statements of Changes in Equity	20
Consolidated and Parent Company Statements of Cash Flows	22
Notes to the Financial Statements	23

**NORTH RIVER RESOURCES PLC**

**DIRECTORS, SECRETARY AND ADVISORS**

---

**DIRECTORS:**

James Beams	<i>(Non-Executive Chairman)</i>
Mark Sawyer	<i>(Non-Executive Director)</i>
Kenneth Sangster	<i>(Non-Executive Director)</i>
Mark Thompson	<i>(Non-Executive Director)</i>

**SECRETARY:**

Ben Harber

**COUNTRY OF INCORPORATION:** England and Wales

**REGISTERED NUMBER:** 05875525

**REGISTERED OFFICE:** 6<sup>th</sup> Floor, 60 Gracechurch Street  
London, EC3V 0HR

**GROUP AUDITORS:** UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London, E1W 1YW

**SOLICITORS:** Watson, Farley & Williams LLP  
15 Appold Street  
London, EC2A 2HB

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**The Namib Project**

*Overview*

The Namib Project entails the re-opening of a previously producing underground mine, with the construction of a new plant to process up to 250,000 tonnes of ore per annum. The currently defined JORC resource supports an initial 3.5 year mine life at this ore throughput rate although we are confident that this will be extended through the future planned exploration / resource drilling campaigns. Located 20km inland from the central, coastal town of Swakopmund in Namibia, the project benefits from being well located, with excellent surrounding infrastructure. Namibia has a well-established mining industry and good access to local mining suppliers and support services.

*Geology*

The Namib Project is hosted within the thinly interbedded clastics and carbonates of the Arises Marble unit of the Karibib Formation of the Swakop Group, which in the vicinity of the mine displays complex folding and deformation. The mineralised massive "Mine Marble" unit within the Karibib Formation is a weakly banded and coarse grained marble.

Structurally, mineralisation occurs in NE-SW striking tabular lodes that occur in the axial zone and limbs of a ductile SW-plunging anticlinal fold closure. The lodes have similar orientation around the fold closure and are therefore not folded. They are stratabound within the host mine marble unit but are very oblique to this enclosing envelope. As a result, the lodes typically have short strike lengths but much greater down-plunge continuity. Lodes do occur which are elongated along the mine marble strike, but this is less common.

The lodes within the deposit are assigned to four zones relative to their position in the fold closure, the North, South, N20 and Junction.

**Minerals Resource Estimate as at 29 August 2014  
Reported at a lower cut-off grade of 1% Pb% + Zn%**

		<b>Tonnes</b>	<b>Density t/m<sup>3</sup></b>	<b>Zinc %</b>	<b>Lead %</b>	<b>Silver g/t</b>
Indicated	North	730,000	3.65	6.2%	2.8%	45.1
	South	147,000	3.61	5.3%	2.1%	40.5
Inferred	North	121,000	3.63	9.3%	0.7%	29.6
	South	251,000	3.69	6.6%	2.7%	48.2
<b>Total</b>		<b>1,250,000</b>	<b>3.65</b>	<b>6.5%</b>	<b>2.5%</b>	<b>43.7</b>

*Tonnages have been rounded to the nearest 1,000t to reflect that this is an estimate. Apparent differences may occur due to rounding.*

**Definitive Feasibility Study ('DFS')**

- A DFS was completed in November 2014 and the highlights include:
- Maiden Mineral Ore Reserve of 585,000 tonnes at 6.2% zinc, 2.9% lead, and 46ppm silver
- Annual throughput of 250,000 tonnes at an average grade of 9% (Pb+Zn) producing 19,100 tonnes of metal in concentrate
- 280,000 ounces per annum of silver by-product
- Initial mine life of 3.5 years (including ramp up and ramp down) and resources equivalent to five years of mine life
- Capital cost of US\$27.8 million
- Robust project economics with a 12 month payback, post-tax NPV10 of \$24.7 million and post-tax IRR of 52% at consensus metal prices (assuming the resource base utilized)

*Project optimisation and resource expansion*

Following completion of the DFS in November 2014, a number of areas were identified where additional technical evaluation work was required to define a mine plan and processing plant design to a level of confidence to support a project investment decision.

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

*Metallurgical optimisation work*

At the time of publication of the DFS, the locked cycle tests which were underway had not yet been completed. The DFS postulated that the use of magnetic separation as a means of removing some of the pyrrhotite from the circuit was possible, but the subsequent results did not support this proposal as zinc recovery was compromised. Therefore, the focus of the work was to produce a robust operating environment, taking into account the main variables in mineralogy and flotation chemistry.

Using an optimised grind and new reagent regime, the Company has developed a robust processing methodology which can operate with a wide range of mineral compositions and produce consistent results. This is particularly evident with the variable pyrite and pyrrhotite content. An ore processing flow sheet has been defined that eliminates the variability associated with the previously proposed process and ensures a robust operating environment for future planned production. The main variables in mineralogy and flotation chemistry are accounted for and an optimised grind size and metallurgical route have been determined. This has resulted in increased confidence in expected concentrate grades and recoveries, with results from wide ranging ore composites conducted under simulated plant conditions:

- Lead concentrate grade of 62.2% at 91.1% Pb recovery, and
- Zinc concentrate grade of 52.4% Zn at 89.2% Zn recovery.

Detailed minor element analyses of the above reported concentrates show no impurities that could affect the marketing acceptability.

These results are a significant development, removing any residual concern over operational variability in the processing plant and demonstrating robust controls of the final saleable products. This greatly assists in overall project bankability as we move forward with financing plans and, in particular, aids discussions with debt financiers.

New metallurgical testwork is planned for mid-2017 on fresh, recently drilled core samples from the North region. This work is seen as confirmatory testing for the processing of North orebody material only. Additional testwork will be conducted on old tailings dump material in order to evaluate the appropriateness, and optimisation of, a process flowsheet separate from the fresh ore stream.

The Company continues to work on optimising the project profile for a final construction decision by incorporating improved understanding of the orebody gained from the exploration drilling, and the metallurgical testwork and related process design work, carried out since the DFS was completed.

*Resource definition and drilling campaign completion*

In addition to the project development activities, we view the increase of the Mineral Resource at the Namib Project as a key component to unlocking project financing in a challenged commodity price environment, as well as delivering long term shareholder value.

The drilling programme to test extensions at depth in the North and South orebodies of the Namib resource, which commenced in January 2015, has now been completed. A total of 4,142 metres were drilled, using a contracted Diamec rig together with the Company's own Kempe drill.

The announcement of additional encouraging intersections continues to support the strong resource upside at the Namib Project and follows previously announced results from this campaign. The overall results of this programme have however been sporadic and will not at this point translate into a significant increase in the Indicated Mineral Resource category to underpin an extension to mine life. The Company has determined that additional infill and extension drilling is certainly warranted to further delineate mineralised zones to the level of confidence required to support Indicated Mineral Resources, but that this would now only be undertaken following further interpretation of the recently completed drilling. This will include an update to the geological and structural model in light of the new data. This drilling programme has highlighted a greater structural complexity that needs to be better understood in order to improve future extension drilling targeting. It will require ongoing attention if and when the project is taken forward into construction and mining operations.

CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

The geological framework model for the deposit continues to indicate that there is no reason to suggest that mineralisation does not continue at depth, but these drilling results show that zone targeting and delineation remains challenging due to the sub-vertical lode geometry and limits of available drilling positions from which to optimise intersection angles. The Company remains confident in the upside of the Mineral Resource, as indicated by both the deep drilling intersections achieved during this latest drilling campaign, and previous down-hole electromagnetic surveying work, which projects potential mineralisation conductors to depths of 700 metres below surface. In the short term the Company has put drilling on hold until there is clarity on the timing of moving the project forward to a construction decision and is concentrating on data re-analysis and collection from available drill core, review and interpretation of recent drilling data, and refinements to the 3D model using all available information to improve understanding of the geological structure.

**Figure 1: Plan view of the Namib Project orebodies**

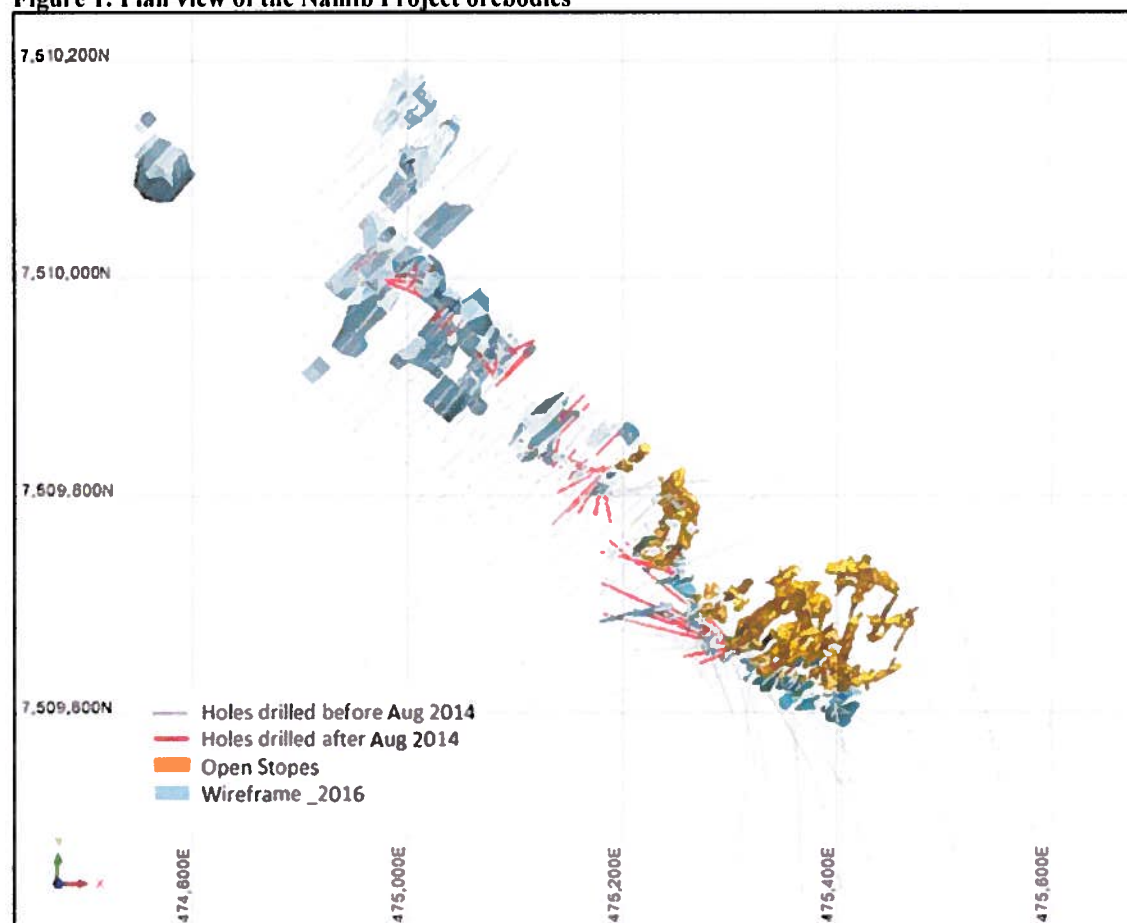


Figure 2: Long section looking NE of the mine

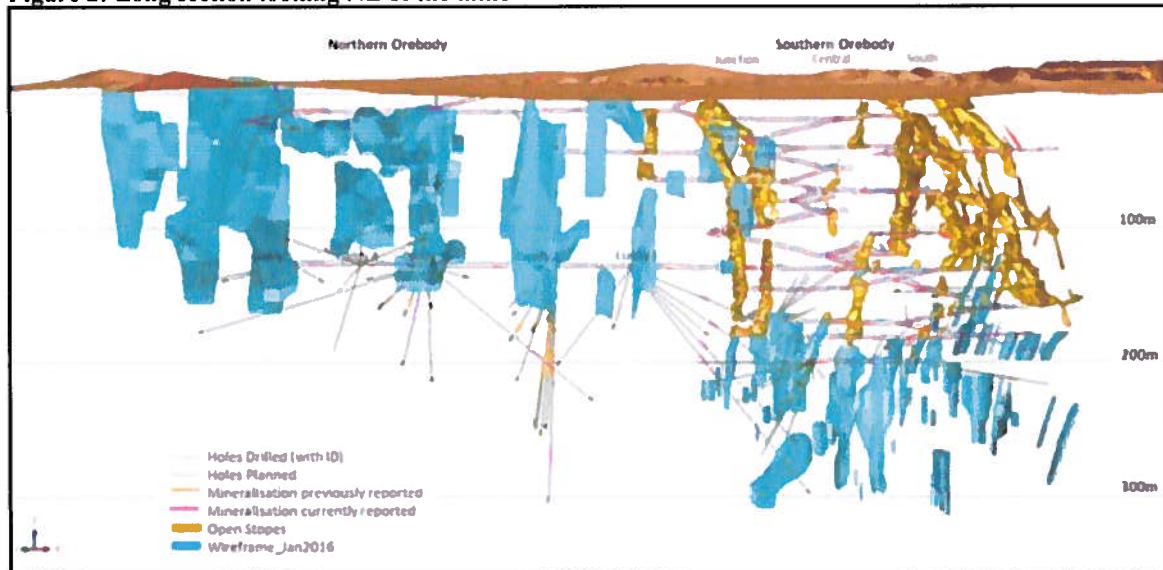


Table 2: Significant intercepts table from drilling during 2016.

Hole ID	Interval Width (m)	True Width (m)	Zn %	Pb %	Ag ppm	Fe %
NLDD067	57.1	8.5	28.5	0.1	34	24.0
NLDD069	35.7	9.0	33.8	0.1	46	20.3
NLDD071	11.6	7.5	12.5	0.1	33	30.3
NLDD072	3.1	2.0	8.2	0.2	26	26.0
NLDD072	28.4	7.0	33.2	0.1	40	24.6
NLDD072	7.9	3.0	30.6	0.1	89	24.4
NLDD076	5.5	2.5	10.5	2.6	60	23.9
NLDD077	3.2	1.5	22.1	0.9	73	32.0
NLDD080	13.9	9.5	26.6	0.0	104	16.7
NLDD081	10.9	7.5	22.5	0.9	192	27.3
NLDD083	3.5	2.5	22.0	0.1	168	35.0
NLDD083	9.7	5.0	18.9	0.0	29	29.2
NLDD085	4.8	3.0	10.3	1.3	81	31.8
NLDD088	6.0	4.5	3.1	0.0	0	39.9
NLDDK074	3.0	1.5	35.0	0.1	74	22.8
NLDDK074	11.9	6.0	20.8	0.0	24	18.4
NLDDK075	8.7	4.0	19.5	0.9	59	18.8
NLDDK075	3.0	2.0	12.2	0.1	34	39.1
NLDDK076	3.6	1.3	9.8	2.6	42	14.7
NLDDK076	8.1	2.5	6.7	7.6	101	33.9
NLDDK077	3.8	1.5	10.6	0.2	10	18.6
NLDDK077	5.8	2.0	12.2	10.9	157	28.3
NLDDK078	5.3	3.5	7.6	1.7	30	19.4
NLDDK079	4.5	4.0	2.3	1.3	31	19.0
NLDDK082	6.6	4.0	20.3	10.2	149	14.6
NLDDK087	4.3	3.0	16.4	0.0	38	34.5
NLDDK090	5.6	4.5	4.4	3.2	97	41.3
NLDDK091	6.2	5.0	16.5	5.1	85	25.8
NLDDK092A	3.2	3.0	13.2	10.8	105	12.6
NLDDK092A	4.1	3.5	23.5	12.0	138	16.0
NLDDK092A	3.4	3.0	4.6	6.4	75	14.9
NLDDK093	5.3	5.0	9.1	4.6	51	17.5
NLDDK094	5.7	4.5	17.5	0.1	69	34.5

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Holes with no significant intercepts				
NLDD064	NLDD074	NLDD084	NLDDK083	NLDDK095
NLDD065	NLDD075	NLDD086	NLDDK084	NLDDK096
NLDD066	NLDD075A	NLDD087	NLDDK085	NLDDK096A
NLDD068	NLDD078	NLDDK073	NLDDK086	NLDDK097
NLDD070	NLDD079	NLDDK080	NLDDK088	NLDDK098
NLDD073	NLDD082	NLDDK081	NLDDK089	NLDDK099

Significant Intercepts are based on the following criteria:

- Minimum intercept length: 3 metres
- Maximum internal waste: 1 metres
- Cut-off lead/zinc combined: 1%
- True thickness lengths were obtained by measuring intercepts manually from a perpendicular-to-dip sectional review. Lengths are approximate due to the variable nature of the lodes.

Full details of the intercepts, QAQC and JORC Table 1 disclosure can be found in the Company's press release "*Resource expansion drilling programme completed*" dated 12 December 2016, additional intercept data received in April 2017 has also been published in the table.

A revised mine plan and schedule, suitable for implementation planning, will be completed subsequent to any revisions to the mineral resource model.

*Mining licence*

The mining licence for the Namib Project continues to be the critical outstanding permit. The mining licence application was filed in April 2014 and the Company has since then been actively engaged with the Ministry.

On 28 January 2016 the Company received from the Ministry a Notice of Preparedness to Grant the mining licence ("Notice") for the Namib Lead and Zinc Project. The Notice contained a number of supplementary terms and conditions relating to matters including, inter alia, the work programme, production, environment and Namibian participation in the Project that will apply to the mining licence (the "Supplementary Conditions").

North River sought clarification from the Ministry on certain aspects of the Supplementary Conditions and its interpretation of them, and pending this clarification, accepted the Notice on 26 February 2016. In accordance with the process set out in the Notice, the Company then submitted a proposal to the Ministry on 25 April 2016, covering local ownership of the Namib Project, participation by historically disadvantaged Namibians in management of the Namib Project, and the Company's corporate social responsibility strategy. The supplementary terms and conditions and the proposal must be agreed between the Company and the Ministry before the mining licence is issued.

In November 2016 the Ministry indicated that the Company's proposal to set up two trusts, the "Namib Lead & Zinc Mine Community Empowerment Trust" and "The NLZM Employee Benefit Trust", would meet the Ministry's requirement for Namibian participation. The Company has however not yet agreed final terms and conditions that may be attached to the grant of the licence and, as such, uncertainty remains around the details of the licence conditions and the timing of its grant.



**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

*National Equitable Economic Empowerment Bill*

In conjunction with assessing the Supplementary Conditions, the Company has been examining the implications of the Government of Namibia's proposed broad based empowerment legislation. A draft bill (the National Equitable Economic Empowerment Bill, the "Draft Bill") was published in February 2016 for a period of public consultation and can be found on the website of the Office of the Prime Minister. Following an extended period of public consultation, a second draft of the Bill was put out for further review and stakeholder consultation. The second draft of the Bill clarified that the legislation would apply to both existing and new business but otherwise remained largely unchanged from the first draft. Indications from the Namibian Government suggest that this proposed legislation is now under further review following feedback from the public consultation and will then proceed to be enacted into law, but timing remains uncertain. If enacted, the Bill will set out obligations for companies, irrespective of sector, in respect of, inter alia, ownership and management participation by previously disadvantaged Namibians. Certain obligations under the Draft Bill are inconsistent with those laid down under the terms & conditions to the Notice of Preparedness to Grant. The extent to which the Draft Bill would place additional obligations on the Namib Project remains unclear. It is an area on which the Company and Namibian mining industry as a whole will seek and need further clarity in due course.

**Corporate and financial review**

*Cash preservation and AIM de-listing*

The final investment decision to develop the Namib Project will depend on favourable project economics, the grant of a mining licence on terms which are economically viable and secure, and the availability of finance for the up-front capital required for construction.

Over the past year, in the announcement of the final results for the year ended 31 December 2015, in the funding Circular of 28 June 2016, and more recently again in the announcement of drilling programme results on 12 December 2016, the Company has drawn Shareholders' attention to the efforts of the Company to identify cost saving opportunities. It has become increasingly critical that the Company preserves its option to develop the Namib Project for as long as possible with existing cash resources.

In line with this need, non-executive director fees were suspended, the London corporate office closed and all other corporate costs reduced or eliminated. In Namibia, following completion of the drilling programme in late 2016, activity on the Project and at site was cut right back, pending clarity on the development timeline for the Project.

In the context of the above, the Independent Directors (being all of the Directors other than Greenstone's representative, Mark Sawyer) conducted a review of the benefits and challenges of maintaining the Company's quotation on AIM and after careful consideration concluded that it was no longer in the interests of the Company to continue to have its Ordinary Shares admitted to trading on AIM and, accordingly, that Cancellation was in the best interests of the Company and its Shareholders as a whole.

North River announced on 17 March 2017 that the Resolution proposed to cancel the admission to trading on AIM of the Ordinary Shares was passed, and was made effective from 7.00 a.m. on 27 March 2017. The Board strongly believes that strategic investor appetite in the Namib Project in the current economic environment will not be undermined by the Cancellation of admission of the Company's Ordinary Shares to trading on AIM.

The Company appointed Asset Match to facilitate trading in the Ordinary Shares following the Cancellation. Asset Match is a firm authorised and regulated by the Financial Conduct Authority and operates an electronic off-market dealing facility for the Ordinary Shares. This facility allows Shareholders to trade their Ordinary Shares on a matched bargain at an arm's length basis via periodic auctions. Shareholders will continue to be able to hold their shares in uncertificated form (i.e. in CREST) and should check with their existing stockbroker that they are able to trade in unquoted shares.

The matched bargain trading facility operates under its own code of practice which governs the behaviour of participants and the running of the actions. Further information can be found at [www.assetmatch.com](http://www.assetmatch.com). However, Shareholders should note that even with such a trading service, there is no public market or trading facility on any recognised investment exchange for the Ordinary Shares and, accordingly, the opportunity for Shareholders to realise their investment in the Company will be much more limited. There will also be no public valuation of Ordinary Shares held.

## NORTH RIVER RESOURCES PLC

### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

---

Further, whilst Shareholders still have access to certain information following Cancellation (such as the Company's annual results), Shareholders will no longer be afforded the protections given under the AIM Rules and will be subject to fewer operational restrictions and less stringent accounting and reporting requirements.

#### *Board of directors*

During the year, the makeup of the board of directors evolved in line with ongoing operations. Ms Ding Chan (Tina) resigned from the Board as Non-executive Director in June 2016.

Following the Cancellation, on 28 March 2017, Dr Rod Beddows, Chairman, and Keith Marshall, both independent non-executive directors, resigned from the Board. James Beams stepped down from the CEO position and was appointed interim Chairman.

In August 2016, the Company announced new appointments to the Board of Directors of wholly owned Namibian company, Namibia Lead Zinc and Mining (Pty) Ltd ("NLZM"). The appointments of Asser Kuveri Kapere, Ratonda Engelhardine Kajivikua and Francois du Plessis were aimed at strengthening the Board to support the Group's efforts to obtain the mining licence and take the Namib Project forward to a construction decision. Mr Kapere was appointed as Chairman of NLZM.

In April 2017, Mr Dag Kullmann, a mining engineer with over 25 years operational, consulting & corporate experience (10 years in Namibia) was appointed as Managing Director of Namib Lead and Zinc Mining.

#### *Financial review*

The Group is reporting a loss before taxation for the year of £2,658,868 (2015: loss of £9,797,691).

This loss includes administrative expenses of £878,529 (2015: £1,883,600) and exploration and evaluation costs of £988,861 (2015: £1,142,851). The exploration and administrative expenditure costs were lower than 2015 due to the continued focus on minimising overheads at the Namib site and cutting back on the corporate costs incurred in London.

The Group's cash position as at 31 December 2016 was £1,010,614 (2015: £1,376,740).

On 18 July 2016, shareholders approved a financing proposal by the Company involving a share capital reorganization, an open offer and placing.

The Company secured £4.2m (US \$5.6m) of funding through the issue of new secured, conditionally convertible loan notes to Greenstone Resources LP in order to fully redeem the 2015 convertible loan notes and raise \$2.5 million in new working capital. The conditional convertible loan notes were redeemable in full for newly issued shares in the Company. The Company also received approval from shareholders to undertake a share capital re-organisation in order to be able to issue these new ordinary shares and to undertake an open offer and a placing to redeem the loan notes in full.

The results of the Open Offer led to an additional 258,758 new ordinary shares being issued to Eligible Shareholders. The Company did not raise any funds from the placing.

The Company redeemed £61,455 of the loan notes from amounts raised in the open offer and converted the remaining balance of the convertible loan notes into 17,337,471 new ordinary shares. Following the issue of new ordinary shares to Greenstone, Greenstone's aggregate holding in the Company stands at 19,975,501 ordinary shares, which represents 75.69 per cent of the Company's issued share capital.

James Beams  
Chairman

12 May 2017

---

## **NORTH RIVER RESOURCES PLC**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

---

The Directors of the Company and its subsidiary undertakings (which together comprise 'the Group') present their Strategic Report for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITIES AND STRATEGY**

The principal activity of the Company is that of a holding company for its subsidiaries. The principal activity of the Group is the identification, acquisition, exploration and development of mineral projects with a principal focus on base metals particularly zinc and lead.

The North River Group is engaged in the exploration and development of mineral resources. The Group's activities are focussed in Africa and its main project, the Namib lead zinc mine is located in Namibia.

The Namib lead/zinc deposit has been mined successfully in the past and the Group has completed a feasibility study into the restart of commercial mining operations. The Group, as well as continuing exploration drilling, will focus on raising funding to redevelop the mine. The objective is to restore Namib to a profitable and cash generative operation which in turn will fund the Group's further exploration and expansion plans.

Further discussions on the Group's activities during the year and future outlook are included in the Chairman's Statement.

#### **FINANCIAL RESULTS**

During the year, the Company reduced its investment in its Namibian portfolio. In light of this, the Group is reporting a loss before tax of £2,658,868 (2015: £9,797,691) for the year ended 31 December 2016. This loss is in line with the Directors' expectations and includes exploration and administrative expenditure of £1,867,390 (2015: £3,026,451) with the exploration and evaluation costs being £988,861 (2015: £1,142,851). A provision for impairment of goodwill was included in 2015, £6,702,934, relating to a number of the early stage exploration concessions held by the Group, there is no such impairment in 2016.

The Group's primary activity remains mineral exploration, consequently there has been no production revenue.

Cash balances at the year-end were at £1,010,614 (2015: £1,376,740).

Due to the early stage of development of the Group, it is not meaningful to consider a further review of key financial performance indicators.

#### **ORGANISATION OVERVIEW**

The Group's management is based in London, but it operates in Namibia and elsewhere through UK and foreign subsidiaries. The corporate structure of the Group reflects the historical pattern of acquisition by the Group and the need where appropriate, for fiscal and other reasons, to have incorporated entities in particular territories.

The Group's main exploration and development activity is managed through a Namibian subsidiary North River Resources Namibia (Pty) Limited but carried out by Namib Lead and Zinc Mining (Pty) Limited.

The Board of Directors now comprises the Non-Executive Chairman, two independent Non-Executive Directors, a Non-Executive Director appointed by Greenstone Resources LLP.

The Group is run on a very low cost base with expenditure tightly controlled and targeted on preparing the Company for the transition into full development of the Namib project.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Mining and exploration have inherent risks and the main risks to which the Group could be exposed are listed below:

### **Exploration Risk**

The Company's business includes mineral exploration and evaluation which are speculative activities and whilst the directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of new or additional economic mineral deposits, or that it will successfully proceed into development of any of its projects or otherwise realise their potential value.

### **Resource Risk**

All mineral deposits have risks associated with their defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.

### **Development Risk**

Delays in permitting, financing, constructing and commissioning a project may result in delays to the Group meeting future production targets.

### **Commodity Price Risk**

Lower metal prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity. The Group has no metal price hedging in place.

### **Mining and Processing Technical Risk**

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, groundwater conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.

### **Licences Risk**

Exploration and mining licences are issued by government and though the Group ensures that the applications and renewals are applied for in a timely manner and that all conditions have been met, there is a risk that licences will not be granted or renewed.

### **Environmental Risk**

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

### **Financing & Liquidity Risk Liquidity**

This is the risk that the Company will not be able to raise working capital for its ongoing activities. The Group's goal is to finance its exploration and evaluation activities from future cash flows but until that point is reached the Company is reliant on raising working capital from equity markets or from industry sources. There is no certainty such funds will be available when needed.

### **Political Risk**

All countries carry political risk that can lead to interruption of activity. Politically stable countries can, for example, have enhanced environmental and social permitting risks, risks of strikes, changes to taxation and changes to regulatory and legislative environments, including indigenisation policies, whereas less developed countries have enhanced risks in areas such as changes to the legal framework, civil unrest and government expropriation of assets.

The New Equitable Economic Empowerment Framework (NEEEF) Legislation proposed by the Namibian Government, could, if enacted into law, have material consequences on the operations of the group. The final terms and conditions have not yet confirmed and there is a risk that such legislation could have a significant impact on the development of the group's projects in the country.

**Partner Risk**

The Group's activities could be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.

**Financial Instruments and financial risk management**

Details of risks associated with the Group's Financial Instruments and financial risk management disclosures are given in Note 17 to the financial statements.

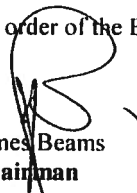
**Internal Controls and Risk Management**

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system of internal controls and risk management is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, and all borrowing decisions.

By order of the Board



James Beams  
Chairman

12 May 2017

## NORTH RIVER RESOURCES PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

The Directors present their report, together with the audited financial statements for North River Resources plc ('North River' or 'the Company') and its subsidiary undertakings (together 'the Group') for the year ended 31 December 2016.

The Company is registered in England and Wales, having been incorporated on 13 July 2006 under the Companies Act with registration number 05875525 as a public company limited by shares.

#### Directors

The following Directors held office during the year and remain in office as at the date of this report unless stated otherwise:

James Beams	
Rodney Beddows	(resigned 28 March 2017)
Keith Marshall	(resigned 28 March 2017)
Ken Sangster	
Mark Sawyer	
Mark Thompson	
Chan Ding	(resigned 24 June 2016)

#### Subsequent events

The Board announced on the 21 February 2017 that it was seeking shareholder approval for the cancellation of admission of its Ordinary Shares to trading on AIM effective 27 March 2017. On the 17 March 2017 the Resolution proposed at the General Meeting for the cancellation of admission of its Ordinary Shares to trading on AIM was duly passed by Shareholders.

#### Going concern

During the year ended 31 December 2016 the Group made a loss before tax of £2,658,868 (2015: £9,797,691). At the year end date the Group had net assets of £2,283,318 (2015: net assets of £882,155) of which £1,010,614 (2015: £1,376,740) was cash at bank. The operations of the Group are currently being financed from funds which the Parent Company raised from private and public share placings.

The Group's capital management policy is to preserve the Group's existing reserves through reducing near term exploration and development activities. This will continue whilst the Namibian Government review the application for the Namib Lead Zinc Mine Licence (submitted in April 2014).

As at the 30 April 2017 the Group had a cash balance of £640,096.

As set out in Note 21, the Group has minimal planned exploration expenditure for its Namibian licences through 2017 to 2018. The total capital cost that is still under review for the life of the mine, as announced on 26 November 2014 in the Definitive Feasibility Study on Namib, is estimated as \$27.8 million (£22.6 million). The Group will therefore need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and development programme.

As set out in Note 4, applications for the Namib Lead Zinc Mining Licence (submitted in April 2014) and the renewal of several EPLs in the Licence Areas have been made and are awaiting confirmation. If the Mining Licence is not received or the EPLs are not renewed, the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence confirmations will be received but the requirement to reach agreement on additional conditions to be attached to licences, means the timeframe is uncertain.

Subject to receiving the Namib Mining Licence, the Directors believe that the Group will have sufficient cash, supported by the Group forecast, to enable it to continue its operations for at least the next twelve months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

## NORTH RIVER RESOURCES PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

However, there can be no guarantee that the mining and EPL licences will be renewed. Consequently, a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and the profit and loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

#### **Statement of disclosure to the auditors**

So far as all the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

#### **Auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the Annual General Meeting.

By order of the Board

  
James Beams  
Chairman

12 May 2017

---

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NORTH RIVER RESOURCES PLC  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

We have audited the financial statements of North River Resources plc for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of matter – Going concern and licence renewals**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss of £2.6 million during the year ended 31 December 2016 and is still incurring losses. Along with similar sized exploration and mining companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. As discussed in note 1.2 the Company will need to raise further funds in order to meet its budgeted operating, exploration and any project development costs for the next year.

The Group has also applied for the Namib Lead Mining Licence and the renewal of several exploration licences where the Group operates and is awaiting confirmation of the renewals and issue of the Mining Licence. If the Mining Licence is not received or the EPLs are not renewed then the Directors would have to reconsider the position of the Group and the resulting ability or otherwise to continue operations as planned.

These conditions, along with other matters disclosed in note 1.2, indicate the existence of a material uncertainty which may cast doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result (such as impairment of assets) if the Group and Company were unable to continue as a going concern or if licences were not renewed.



**NORTH RIVER RESOURCES PLC**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NORTH RIVER RESOURCES PLC  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Colin Wright**  
(Senior Statutory Auditor)

For and on behalf of  
**UHY Hacker Young**  
Chartered Accountants and Statutory Auditor

**UHY Hacker Young**  
Quadrant House  
4 Thomas More Square  
London, E1W 1YW

*15 May*  
..... 2017

**NORTH RIVER RESOURCES PLC****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	Notes	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
<b>Continuing operations</b>			
Exploration & evaluation expenditure		(988,861)	(1,142,851)
Administrative expenses		(878,529)	(1,883,600)
Impairment of goodwill (related to copper exploration licences)		-	(6,702,934)
		<hr/>	<hr/>
<b>GROUP OPERATING LOSS</b>	2	(1,867,390)	(9,729,385)
Finance charges	3	(796,743)	(82,777)
Interest received on bank deposits		5,265	14,471
		<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>		(2,658,868)	(9,797,691)
Taxation	14	-	-
		<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>		(2,658,868)	(9,797,691)
<b>OTHER COMPREHENSIVE LOSS:</b>			
Exchange difference on subsidiary loans treated as net investments		2,081,780	(2,847,677)
Exchange differences on translating foreign operations		(2,089,736)	2,761,529
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(2,666,824)</u>	<u>(9,883,839)</u>


The results for 2016 and 2015 relate entirely to continuing operations. The loss for the current and prior years and the total comprehensive loss for the current and the prior years are wholly attributable to equity holders of the parent company.

**NORTH RIVER RESOURCES PLC**

**CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

		Group	Company	Group	Company
		31 December 2016	31 December 2016	31 December 2015	31 December 2015
	Notes	£	£	£	£
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Goodwill	4	1,036,052	-	1,036,052	-
Intangible assets	5	56,495	66,000	59,894	69,399
Plant and equipment	6	81,529	118	141,602	563
Investment in joint venture	7	-	-	-	-
Investment in associated company	8	113,182	56,591	113,182	56,591
Investments in subsidiaries and loans due from subsidiaries	9	-	8,006,338	-	4,583,242
		<u>1,287,258</u>	<u>8,129,047</u>	<u>1,350,730</u>	<u>4,709,795</u>
<b>CURRENT ASSETS</b>					
Trade and other receivables	10	172,033	32,444	81,925	28,737
Cash and cash equivalents		<u>1,010,614</u>	<u>941,267</u>	<u>1,376,740</u>	<u>1,194,994</u>
		<u>1,182,647</u>	<u>973,711</u>	<u>1,458,665</u>	<u>1,223,731</u>
<b>TOTAL ASSETS</b>		<u>2,469,905</u>	<u>9,102,758</u>	<u>2,809,395</u>	<u>5,933,526</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	186,587	146,939	202,897	158,732
Convertible loan notes	12	-	-	150,238	150,238
		<u>-</u>	<u>146,939</u>	<u>353,135</u>	<u>308,970</u>
<b>NON-CURRENT LIABILITIES</b>					
Convertible loan notes	12	-	-	1,574,105	1,574,105
<b>TOTAL LIABILITIES</b>		<u>186,587</u>	<u>146,939</u>	<u>1,927,240</u>	<u>1,883,075</u>
<b>NET ASSETS</b>		<u>2,283,318</u>	<u>8,955,819</u>	<u>882,155</u>	<u>4,050,451</u>
<b>EQUITY</b>					
Share capital	13	4,433,376	4,433,376	4,398,183	4,398,183
Share premium	13	25,291,384	25,291,384	21,258,590	21,258,590
Convertible loan note reserve	12	-	-	115,876	115,876
Currency translation reserve		(240,607)	-	(232,651)	-
Retained losses		<u>(27,200,835)</u>	<u>(20,768,941)</u>	<u>(24,657,843)</u>	<u>(21,722,198)</u>
<b>TOTAL EQUITY</b>		<u>2,283,318</u>	<u>8,955,819</u>	<u>882,155</u>	<u>4,050,451</u>

These financial statements were approved by the Board of Directors on 12 May 2017 and signed on its behalf by:

  
James Beams  
Chairman

Company Registration Number: 05875525

NORTH RIVER RESOURCES PLC

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Share premium £	Retained losses £	Share- based payment reserve £	Currency translation reserve £	Convertible loan note reserve £	Total equity £
<b>CONSOLIDATED</b>							
<b>At 1 January 2015</b>	3,831,750	21,258,590	(14,975,797)	115,645	(146,503)	-	10,083,685
Loss for the year	-	-	(9,797,691)	-	-	-	(9,797,691)
<b>Other comprehensive income:</b>							
Currency translation movement	-	-	-	-	(86,148)	-	(86,148)
<b>Total comprehensive loss</b>	-	-	(9,797,691)	-	(86,148)	-	(9,883,839)
<b>Transactions with shareholders:</b>							
Shares issued	566,433	-	-	-	-	-	566,433
Convertible loan note equity element	-	-	-	-	-	115,876	115,876
Transfer of expired share options	-	-	115,645	(115,645)	-	-	-
<b>Balances at 31 December 2015</b>	4,398,183	21,258,590	(24,657,843)	-	(232,651)	115,876	882,155
Loss for the year	-	-	(2,658,868)	-	-	-	(2,658,868)
<b>Other comprehensive income:</b>							
Currency translation movement	-	-	-	-	(7,956)	-	(7,956)
<b>Total comprehensive loss</b>	-	-	(2,658,868)	-	(7,956)	-	(2,666,824)
<b>Transactions with shareholders:</b>							
Shares issued	35,193	4,191,942	-	-	-	-	4,227,135
Cost of raising capital	-	(159,148)	-	-	-	-	(159,148)
Extinguished convertible loan note equity	-	-	115,876	-	-	(115,876)	-
<b>At 31 December 2016</b>	4,433,376	25,291,384	(27,200,835)	-	(240,607)	-	2,283,318

NORTH RIVER RESOURCES PLC

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

COMPANY	Share capital £	Share premium £	Retained losses £	Share-based payment reserve £	Convertible loan note reserve £	Total equity £
<b>At 1 January 2015</b>	3,831,750	21,258,590	(11,777,904)	115,645	-	13,428,081
Loss for the year	-	-	(10,059,939)	-	-	(10,059,939)
<b>Total comprehensive loss</b>	-	-	(10,059,939)	-	-	(10,059,939)
<b>Transactions with shareholders:</b>						
Shares issued	566,433	-	-	-	-	566,433
Convertible loan note equity element	-	-	-	-	115,876	115,876
Transfer on expired share options	-	-	115,645	(115,645)	-	-
<b>Balances at 31 December 2015</b>	<b>4,398,183</b>	<b>21,258,590</b>	<b>(21,722,198)</b>	<b>-</b>	<b>115,876</b>	<b>4,050,451</b>
Loss for the year	-	-	(1,441,565)	-	-	(1,441,565)
<b>Other comprehensive income</b>						
Currency translation movement	-	-	2,278,946	-	-	2,278,946
<b>Total comprehensive loss</b>	-	-	837,381	-	-	837,381
<b>Transactions with shareholders:</b>						
Share Issue	35,193	4,191,942	-	-	-	4,227,135
Cost of raising capital	-	(159,148)	-	-	-	(159,148)
Extinguished convertible loan note equity	-	-	115,876	-	(115,876)	-
<b>At 31 December 2016</b>	<b>4,433,376</b>	<b>25,291,384</b>	<b>(20,768,941)</b>	<b>-</b>	<b>-</b>	<b>8,955,819</b>

NORTH RIVER RESOURCES PLC

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
<b>Cash flows from operating activities</b>					
Group operating (loss) / profit		(1,867,390)	1,633,379	(9,729,385)	(7,130,324)
<b>Adjustments for non-cash items:</b>					
Depreciation and amortisation charges	5&6	63,888	3,844	69,833	6,547
Goodwill impairment	4	-	-	6,702,934	-
Impairment of subsidiary loans	9	-	-	-	5,690,956
		<u>(1,803,502)</u>	<u>1,637,223</u>	<u>(2,956,618)</u>	<u>(1,432,821)</u>
<b>Movements in working capital:</b>					
(Increase)/decrease in receivables		(90,108)	(3,707)	239,466	151,973
Decrease in payables		<u>(16,310)</u>	<u>(11,795)</u>	<u>(124,061)</u>	<u>(61,677)</u>
<b>Net cash (used in)/from operating activities</b>		<u>(1,909,920)</u>	<u>1,621,721</u>	<u>(2,841,213)</u>	<u>(1,342,525)</u>
<b>Investing activities</b>					
Loans to subsidiaries	9	-	(3,423,096)	-	(1,587,106)
Purchase of plant and equipment	6	<u>(416)</u>	<u>-</u>	<u>(82,340)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(416)</u>	<u>(3,423,096)</u>	<u>(82,340)</u>	<u>(1,587,106)</u>
<b>Financing activities</b>					
Proceeds from issue of share capital	13	1,867,222	1,867,222	566,433	566,433
Share issue costs	13	(159,148)	(159,148)	-	-
Proceeds of convertible loan notes	12	-	-	2,218,583	2,218,583
Repayment of loan notes via share issue	12	-	-	(189,298)	(189,298)
Convertible notes issue costs		-	-	(171,266)	(171,266)
Withholding taxes		(32,099)	(32,099)	-	-
Interest paid		(128,091)	(128,091)	(63,296)	(63,177)
Interest received		<u>5,265</u>	<u>746</u>	<u>14,471</u>	<u>718</u>
<b>Net cash from financing activities</b>		<u>1,553,149</u>	<u>1,548,630</u>	<u>2,375,627</u>	<u>2,361,993</u>
<b>(Decrease)/increase in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of year		1,376,740	1,194,994	1,904,860	1,762,632
Exchange differences		<u>(8,939)</u>	<u>(982)</u>	<u>19,806</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>		<u>1,010,614</u>	<u>941,267</u>	<u>1,376,740</u>	<u>1,194,994</u>

Cash and cash equivalents comprise cash on hand and bank balances.

## **1. ACCOUNTING POLICIES**

The Group has adopted the accounting policies set out below in preparation of the financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

### **1.1 Basis of preparation**

The financial statements are prepared in accordance with the historical cost convention and in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources', and in accordance with the provisions of the Companies Act 2006. The parent Company's financial statements have also been prepared in accordance with IFRS and Companies Act 2006.

The Group and Company financial statements are presented in UK pounds sterling.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a Statement of Comprehensive Income. The Parent Company's loss for the year ended 31 December 2016 was £1,441,565 (2015: £10,059,939).

### **1.2 Going concern**

During the year ended 31 December 2016 the Group made a loss before tax of £2,658,868 (2015: £9,797,691). At the year end date the Group had net assets of £2,283,318 (2015: net assets of £882,155) of which £1,010,614 (2015: £1,376,740) was cash at bank. The operations of the Group are currently being financed from funds which the Parent Company raised from private and public share placings.

The Group's capital management policy is to preserve the Group's existing reserves through reducing near term exploration and development activities. This will continue whilst the Namibian Government review the application for the Namib Lead Zinc Mine Licence (submitted in April 2014).

As at the 30 April 2017 the Group had a cash balance of £640,096.

As set out in Note 21, the Group has minimal planned exploration expenditure for its Namibian licences through 2017 to 2018. The total capital cost that is still under review for the life of the mine, as announced on 26 November 2014 in the Definitive Feasibility Study on Namib, is estimated as \$27.8 million (£22.6 million). The Group will therefore need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and development programme.

As set out in Note 4, applications for the Namib Lead Zinc Mining Licence (submitted in April 2014) and the renewal of several EPLs in the Licence Areas have been made and are awaiting confirmation. If the Mining Licence is not received or the EPLs are not renewed, the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence confirmations will be received but the requirement to reach agreement on additional conditions to be attached to licences, means the timeframe is uncertain.

Subject to receiving the Namib Mining Licence, the Directors believe that the Group will have sufficient cash, supported by the Group forecast, to enable it to continue its operations for at least the next twelve months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

However, there can be no guarantee that the mining and EPL licences will be renewed. Consequently, a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

**1.3 Basis of consolidation**

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

**1.4 Goodwill**

Goodwill is the difference between the amount paid on the acquisition of the subsidiary undertakings and the aggregate fair value of their separable identifiable assets acquired and liabilities assumed. Goodwill is capitalised as an intangible asset and in accordance with IAS 36 'Impairments of Assets' is not amortised but tested for impairment annually and when there are any indications that its carrying value is not recoverable. As such, goodwill is stated at cost less any provision for impairment in value. For impairment testing purposes goodwill is allocated to cash-generating units (CGUs). If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit or loss on sale.

**1.5 Impairment of assets**

Where appropriate the Group reviews the carrying amounts of its goodwill, plant and equipment, intangible assets and investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

**1.6 Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Plant and machinery	4 years
Motor vehicles	4 years
Fixtures, fittings and equipment	4 years
Computers and software	3 years

**1.7 Exploration and evaluation expenditure**

The Group capitalises the fair value of the consideration paid for acquiring exploration and prospecting rights as intangible assets. All other exploration and evaluation costs incurred are expensed as they are incurred and included in the consolidated statement of comprehensive income. The Group has taken into consideration the degree to which expenditure can be associated with finding specific mineral resources. The intangible assets, comprising licence costs, will be amortised over the length of the mining licence and the amortisation expense included within the administration expenses in the statement of comprehensive income.

---



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**1.8 Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable from the sale of goods and services from the Group's ordinary business activities. Revenue is stated net of discounts, sales and other taxes. There was no revenue received in the current or prior year.

**1.9 Interest income and expense**

Interest income and expense are reported on an accrual basis.

**1.10 Expenses**

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

**1.11 Investments in subsidiaries**

The Parent Company's investments in subsidiary companies are stated at cost less provision for impairment in the Parent Company's Statement of Financial Position.

**1.12 Associates**

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses. The Parent Company's investments in associated companies are stated at cost less provision for impairment in the Parent Company's Statement of Financial Position.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investors' share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

**1.13 Interests in joint ventures**

The Group had an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture company using the equity method.

Under the equity method, the investment in the venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture company. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture company is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the venture and its carrying value, then recognises the loss as 'Impairment of investment in joint venture' in the income statement.

Upon loss of significant influence over the venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**1.14 Foreign currency translation**

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in pounds sterling ("£"), which is the functional and presentational currency of the Parent Company and the presentational currency of the Group.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the Statement of Comprehensive Income, with the exception of loans that are designated as part of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at weighted average exchange rates for the period. The resulting exchange differences are recognised in other comprehensive income.

**1.15 Deferred taxation**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

No deferred tax assets are recognised in the financial statements.

**1.16 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**1.17 Receivables**

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the Statement of Comprehensive Income.

**1.18 Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**1.19 Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares are shown in equity as a deduction from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**1.20 Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder. The number of shares to be issued does not vary with changes in fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially 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 their 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 subsequent to initial recognition.

**1.21 Share-based payments**

The Parent Company has granted equity settled options in the past. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the employee becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each Statement of Financial Position before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous Statement of Financial Position date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity.

When the exercise period for an option expires, the amount that has been charged through the Statement of Comprehensive Income is transferred from the share-based payments reserve to retained losses.

**1.22 Critical accounting judgements and estimates**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

*Impairment of goodwill and investments in and loans to subsidiaries*

Management assess whether goodwill and investments in and loans to subsidiaries after taking into account potential ore reserves, and cash flows expected to be generated by estimated future production, sales and costs. If the assumed factors vary from actual occurrence, this will impact on the amount at which the assets should be carried on the Statement of Financial Position.

Factors which could impact the future recoverability of these assets include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments in, and loans to, subsidiaries is in notes 4 and 9 below.

**1.23 Financial instruments**

IFRS 7 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

The Group's policies include that no trading in derivative financial instruments shall be undertaken.

The required disclosures have been made in Note 17 to the accounts.

**1.24 Adoption of new and revised International Financial Reporting Standards**

The following relevant new IFRS standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2016, but had no significant impact on the Company:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: <ul style="list-style-type: none"> <li>• apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11</li> <li>• disclose the information required by IFRS 3 and other IFRSs for business combinations.</li> </ul> <p>The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).</p>	1 January 2016
Amendments to IAS 16 and IAS 38	Clarifies acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 16 and IAS 41	Update on Agriculture: Bearer Plants.	1 January 2016
Amendments to IAS 27	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**Standards issued but not yet effective**

The following relevant new IFRS standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2016, as adopted by the European Union, and have not been early adopted:

<b>Standard</b>	<b>Key requirements</b>	<b>Effective date as adopted by the EU</b>
IFRS 9	Financial Instruments – Replacement to IAS 39 and is built on a single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics.	1 January 2018
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018
IFRS 16	Leases – Introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019

## NORTH RIVER RESOURCES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 2. GROUP OPERATING LOSS

The Group's operating loss before tax is stated after charging:

	Year ended 31 Dec 16	Year ended 31 Dec 15
	£	£
Depreciation and amortisation – owned assets	63,888	69,833
Parent Company auditor's remuneration	20,000	29,448
Subsidiary auditor's remuneration	8,045	7,448
Impairment of goodwill (note 4)	-	6,702,934
Exploration & evaluation costs expensed	988,861	1,142,851
	<hr/>	<hr/>

#### 3. FINANCE CHARGES

	Year ended 31 Dec 16	Year ended 31 Dec 15
	£	£
Convertible loan notes interest	175,870	70,224
Convertible loan note unwinding charge	588,744	-
Withholding tax charges	32,099	12,433
Other interest payable	30	120
	<hr/>	<hr/>
	<u>796,743</u>	<u>82,777</u>

#### 4. GOODWILL AND IMPAIRMENT REVIEW

The Company acquired, on 20 November 2009, the entire issued share capital in, and the shareholder loans to, West Africa Gold Exploration (Namibia) (Pty) Ltd ("WAGE") and Namib Lead and Zinc Mining (Pty) Ltd ("Namib Lead"). The consideration paid by the Company for these two Namibian entities and the shareholder loans was satisfied by the allotment of 266,666,667 Ordinary shares of £0.002 each at 3 pence per share.

At the time of the acquisition of WAGE and Namib Lead, the Licence Areas were subject to an external review by MSA Geosciences of South Africa whose employee, Mike Venter, acted as a Competent Person, as disclosed in the AIM re-admission document dated 28 November 2009.

Goodwill arising on the acquisitions was £7,738,986 and was allocated to cash-generating units (CGUs) by reference to the exploration areas as shown below. In 2015 the full balance of goodwill ascribed to the WAGE licences, £6,702,934, was impaired. The Directors believed that the licences held in WAGE have the potential to contain economic mineral resources supporting a development and that there is a market value for the licences. The Directors' calculation of the net present value ("NPV") of these early stage copper projects against which goodwill was allocated, is marginal using long-term consensus copper prices. As a result the Directors continue to believe that the WAGE licences have little economic value remaining fully impaired.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

	<b>31 Dec 16</b>	<b>31 Dec 15</b>
	<b>£</b>	<b>£</b>
<b>Goodwill balance at year end:</b>		
Namib lead-zinc mine	<u>1,036,052</u>	<u>1,036,052</u>

**Goodwill impairment review**

In accordance with the Group's accounting policies, and as required by IAS36 'Impairment of Assets', the Directors test each goodwill CGU for impairment annually, or sooner, where indications exist or information comes to light that clarifies the size, quality and economics of the licences and ore bodies held/owned by WAGE and Namib Lead.

**Namib Lead and Zinc Mining (Pty) Ltd ("NLZ")**

The Namib Lead-Zinc project held by NLZ is the Group's flagship asset and is the primary focus of activity. To date, significant project work has been completed resulting in the publication of a definitive feasibility study in late 2014 showing an economically robust project. In 2016 to further enhance the value of the project, the Group has completed the project optimisation work which embarked on a 3,800 metre resource drilling campaign targeted at increasing the resource base and mine life.

Further a discounted cash forecast created during 2016 indicated the net present value of the project was £67.4 million with an IRR of 86%. The forecast looks at the period after the mine is fully constructed and capable of extracting resources, the period starts from 2018 to 2030, to reflect a project which both extends the mine life and starts off as a smaller operation. A discount rate of 8% is applied to the forecast cash flows as this was deemed an appropriate market rate for similar mining projects.

As a result of the impairment tests carried out and the resulting CGU's net present value estimated, the Directors do not believe that the goodwill of NLZ's Namib Lead of £1,036,052 should be impaired.

**Exploration licences**

It is further noted that the following EPLs in the Licence Areas have been renewed, or are awaiting confirmation of renewal, since acquisition thus providing additional security of tenure. As discussed in note 1.2, the renewal of 4 EPLs (5075, 3257, 3258, 3261) and the application of the Mining Licence (185) have not yet been confirmed which indicates an uncertainty over their renewal. If the pending EPLs are not renewed, or if the Mining Licence is not granted then the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence renewals and applications will be successful and therefore the current position of the licences does not constitute an indication of further impairment of the goodwill and associated assets.

<b>Project</b>	<b>Application name</b>	<b>Type</b>	<b>Number</b>	<b>Surface area (km<sup>2</sup>)</b>	<b>Annual licence fees (NS)</b>	<b>Current status</b>	<b>Expiry date</b>
Namib Lead	Namib Lead	EPL	2902	45.2340	2,000	Renewed	17/01/2018
Namib Lead	Namib Lead	ML	185	5.45	5,000	Submitted	-
Namib Lead South	Namib Lead South	EPL	5075	123.9515	2,000	Submitted	-
Dordabis	Kupferberg	EPL	3257	473.0690	7,000	Submitted	-
Witvlei	Christiadore	EPL	3258	214.6016	4,000	Submitted	-
Witvlei	Okatjirute	EPL	3261	266.2760	3,000	Submitted	-
Outjo	Ekotoweni	EPL	4560	692.1918	7,000	Renewed	01/05/2019
Outjo	Hopewell	EPL	4561	197.9399	2,000	Renewed	01/05/2019

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

## 5. INTANGIBLE ASSETS

	<b>Exploration licences £</b>	<b>Software £</b>	<b>Total £</b>
<b>GROUP</b>			
<b>COST</b>			
At 1 January 2016	117,963	32,583	150,546
Effects of foreign exchange	21,926	-	21,926
At 31 December 2016	<u>139,889</u>	<u>32,583</u>	<u>172,472</u>
<b>AMORTISATION</b>			
At 1 January 2016	61,468	29,184	90,652
Charge for the year	-	3,399	3,399
Effects of foreign exchange	21,926	-	21,926
At 31 December 2016	<u>83,394</u>	<u>32,583</u>	<u>115,977</u>
<b>NET BOOK VALUES</b>			
At 31 December 2016	<u>56,495</u>	<u>-</u>	<u>56,495</u>
At 31 December 2015	<u>56,495</u>	<u>3,399</u>	<u>59,894</u>
	<b>Royalty contracts £</b>	<b>Software £</b>	<b>Total £</b>
<b>COMPANY</b>			
<b>COST</b>			
At 1 January 2016 and 31 December 2016	<u>66,000</u>	<u>15,568</u>	<u>81,568</u>
<b>AMORTISATION</b>			
At 1 January 2015	-	12,169	12,169
Charge for the year	-	3,399	3,399
At 31 December 2016	<u>-</u>	<u>15,568</u>	<u>15,568</u>
<b>NET BOOK VALUES</b>			
At 31 December 2016	<u>66,000</u>	<u>-</u>	<u>66,000</u>
At 31 December 2015	<u>66,000</u>	<u>3,399</u>	<u>69,399</u>



**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Exploration licences £</b>	<b>Software £</b>	<b>Total £</b>
<b>GROUP</b>			
<b>COST</b>			
At 1 January 2015	134,464	37,151	171,615
Effects of foreign exchange	(16,501)	(4,568)	(21,069)
At 31 December 2015	<u>117,963</u>	<u>32,583</u>	<u>150,546</u>
<b>AMORTISATION</b>			
At 1 January 2015	77,969	28,708	106,677
Charge for the year	-	5,043	5,043
Effects of foreign exchange	(16,501)	(4,567)	(21,068)
At 31 December 2015	<u>61,468</u>	<u>29,184</u>	<u>90,652</u>
<b>NET BOOK VALUES</b>			
At 31 December 2015	<u>56,495</u>	<u>3,399</u>	<u>59,894</u>
At 31 December 2014	<u>56,495</u>	<u>8,443</u>	<u>64,938</u>

	<b>Royalty contracts £</b>	<b>Software £</b>	<b>Total £</b>
<b>COMPANY</b>			
<b>COST</b>			
At 1 January 2015 and 31 December 2015	<u>66,000</u>	<u>15,568</u>	<u>81,568</u>
<b>AMORTISATION</b>			
At 1 January 2015	-	7,813	7,813
Charge for the year	-	4,356	4,356
At 31 December 2015	<u>-</u>	<u>12,169</u>	<u>12,169</u>
<b>NET BOOK VALUES</b>			
At 31 December 2015	<u>66,000</u>	<u>3,399</u>	<u>69,399</u>
At 31 December 2014	<u>66,000</u>	<u>7,755</u>	<u>73,755</u>

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. PLANT AND EQUIPMENT**

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>GROUP</b>				
<b>COST</b>				
At 1 January 2016	205,022	41,081	136,169	382,272
Additions in year	-	416	-	416
At 31 December 2016	<u>205,022</u>	<u>41,497</u>	<u>136,169</u>	<u>382,688</u>
<b>DEPRECIATION</b>				
At 1 January 2016	93,921	33,911	112,838	240,670
Charge for the year	43,885	2,723	13,881	60,489
At 31 December 2016	<u>137,806</u>	<u>36,634</u>	<u>126,719</u>	<u>301,159</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>67,216</u>	<u>4,863</u>	<u>9,450</u>	<u>81,529</u>
At 31 December 2015	<u>111,101</u>	<u>7,170</u>	<u>23,331</u>	<u>141,602</u>
<b>COMPANY</b>				
<b>COST</b>				
At 1 January and 31 December 2016	-	17,839	-	17,839
<b>DEPRECIATION</b>				
At 1 January 2016	-	17,276	-	17,276
Charge for the year	-	445	-	445
At 31 December 2016	<u>-</u>	<u>17,721</u>	<u>-</u>	<u>17,721</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>-</u>	<u>118</u>	<u>-</u>	<u>118</u>
At 31 December 2015	<u>-</u>	<u>563</u>	<u>-</u>	<u>563</u>

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Plant &amp; machinery</b>	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>GROUP</b>				
<b>COST</b>				
At 1 January 2015	163,452	39,483	172,724	375,659
Additions in year	76,162	6,178	-	82,340
Effects of foreign exchange	(34,592)	(4,580)	(36,555)	(75,727)
At 31 December 2015	<u>205,022</u>	<u>41,081</u>	<u>136,169</u>	<u>382,272</u>
<b>DEPRECIATION</b>				
At 1 January 2015	73,045	33,302	125,455	231,802
Charge for the year	42,977	5,330	16,483	64,790
Effects of foreign exchange	(22,101)	(4,721)	(29,100)	(55,922)
At 31 December 2015	<u>93,921</u>	<u>33,911</u>	<u>112,838</u>	<u>240,670</u>
<b>NET BOOK VALUE</b>				
At 31 December 2015	<u>111,101</u>	<u>7,170</u>	<u>23,331</u>	<u>141,602</u>
At 31 December 2014	<u>90,407</u>	<u>6,181</u>	<u>47,269</u>	<u>143,857</u>
<b>COMPANY</b>				
<b>COST</b>				
At 1 January and 31 December 2015	-	17,839	-	17,839
<b>DEPRECIATION</b>				
At 1 January 2015	-	15,085	-	15,085
Charge for the year	-	2,191	-	2,191
At 31 December 2015	-	<u>17,276</u>	-	<u>17,276</u>
<b>NET BOOK VALUE</b>				
At 31 December 2015	-	<u>563</u>	-	<u>563</u>
At 31 December 2014	-	<u>2,754</u>	-	<u>2,754</u>

**7. INVESTMENT IN JOINT VENTURE**

Brandberg Energy (Proprietary) Limited ('Brandberg'), a Namibian company, was a 50:50 joint venture ("JV") with Extract Resources Ltd ('Extract') and NRR Energy Minerals Limited ("NRR Energy"), a 100% owned subsidiary. In January 2012, NRR Energy transferred US\$800,000 (£509,635) to Brandberg to acquire 50% of its share capital. The principal assets of Brandberg were exploration licences, EPL 3327 and EPL 3328, pursuant to which, Brandberg had the rights to explore for nuclear fuel minerals in western Namibia. The Subscription Funds were used by Brandberg to explore for uranium on these licences.

The joint venture had no contingent liabilities or capital commitments as at 31 December 2016 and 31 December 2015. The carrying value of the investment is nil at the year end (2015: nil)

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. INVESTMENT IN ASSOCIATED COMPANY**

The following entity meets the definition of an associate and has been equity accounted in the consolidated financial statements:

Company	Country of Incorporation	Group interest 31 December 2016	Group interest 31 December 2015
North River Resources (Murrupula) Limitada	Mozambique	40%	40%

North River Resources (Murrupula) Limitada ('Murrupula') is a company that was registered in Mozambique on 27 January 2011. The Group's interest in Murrupula is jointly held by North River Resources plc and NRR Mozambique Limited. It is also the beneficial owner of an exploration licence in Mozambique. The licence and Murrupula are the subject of a Heads of Agreement between Baobab Resources Limited ("Baobab") and North River Resources plc. Under this agreement Baobab is entitled to a 60% participation interest in Murrupula. Baobab have completed the agreed level of exploration work. Legal control over Murrupula has not yet passed to Baobab, however, effective control has passed.

Accordingly, these consolidated financial statements have been prepared on the basis that control has passed and that Murrupula is treated as an associate as from 1 October 2011.

Aggregated amounts relating to the associate are as follows:

	31 December 2016 £	31 December 2015 £
Total assets	138,678	138,678
Total liabilities	<u>(25,208)</u>	<u>(25,208)</u>
Net assets	<u>113,470</u>	<u>113,470</u>
Share of net assets	45,388	45,388
Goodwill on acquisition	<u>67,794</u>	<u>67,794</u>
The group's share of net assets representing the group's carrying value of investments in associate	<u>113,182</u>	<u>113,182</u>
Revenues	-	-
Losses	<u>-</u>	<u>-</u>
The Group's share of loss	<u>-</u>	<u>-</u>

**Carrying value of investment in associate**

	Group 31 December 2016 £	Company 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2015 £
Cost and carrying value of investment	<u>113,182</u>	<u>56,591</u>	<u>113,182</u>	<u>56,591</u>

The financial statements as at 31 December 2011 were prepared on the assumption that Murrupula incurred exploration expenditure directly. Subsequent to the release of the 31 December 2011 financial statements, the JV partners agreed that they would account for the respective costs individually. Accordingly, Murrupula has no income or expense at either 31 December 2015 or 31 December 2016, and the disclosure above reflects this position.

## NORTH RIVER RESOURCES PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 9. SUBSIDIARY COMPANIES

The financial statements include the following subsidiary companies:

Company	Country of Incorporation	Equity holding	Nature of business
NRR Energy Minerals Limited	United Kingdom	100%	Exploration and mining
NRR Mozambique Limited	United Kingdom	100%	Exploration and mining
West Africa Gold Exploration (Namibia) (Pty) Ltd	Namibia	100%	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	Namibia	100%	Exploration and mining
North River Resources Namibia (Pty) Ltd	Namibia	100%	Administration
North River Resources (Mavuzi) Limitada	Mozambique	100%	Inactive

NRR Energy Minerals Limited and NRR Mozambique Limited were established in October and December 2010 respectively as wholly owned subsidiaries of North River Resources plc. NRR Energy Minerals Limited has not traded during the year. NRR Mozambique Limited has not traded however, it has provided financial support to its subsidiary, North River Resources (Mavuzi) Limitada and to its associate North River Resources (Murrupula) Limitada.

The acquisition of West Africa Gold Exploration (Namibia) (Pty) Ltd ('WAGE') and Namib Lead is discussed in detail under Note 4 'Goodwill and Impairment Review'.

North River Resources Namibia (Pty) Limited was established in December 2009 and acts as the administration company for the Group's activities in Namibia leaving the other subsidiaries to concentrate on exploration activity.

#### Carrying value of investments in subsidiaries

	31 December 2016 £	31 December 2015 £
At 1 January and 31 December	472,991	472,991

#### Carrying value of loans in subsidiaries

	31 December 2016 £	31 December 2015 £
Loans due from subsidiary undertakings	7,533,347	4,110,251

At the end of 2016 the Parent Company had receivables from several Group companies, namely, Namibia Lead Zinc Mining (Pty) Ltd ("NLZ") and North River Resources Namibia (Pty) Ltd ("NRRN").

Since the acquisition of the subsidiaries the Company has provided amounts to the subsidiaries to fund the Group's long term exploration and development activities. These receivables are interest free, unsecured and have no fixed repayment terms. These loans are considered to be long term with no repayment expected in the foreseeable future and have therefore been included in net investments in the subsidiaries.

The Directors are of the opinion that no provision for impairment is required with respect to the goodwill associated with Namibia Lead Zinc Mining (Pty) Ltd (NLZ) and that the loans due from NLZ and NRRN are fully recoverable.

---

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

10. TRADE AND OTHER RECEIVABLES

	Group 31 December 2016 £	Company 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2015 £
<b>Amounts falling due within one year:</b>				
Prepayments	31,777	24,455	28,267	20,932
Other receivables	<u>140,256</u>	<u>7,989</u>	<u>53,658</u>	<u>7,805</u>
	<u>172,033</u>	<u>32,444</u>	<u>81,925</u>	<u>28,737</u>

11. TRADE AND OTHER PAYABLES

	Group 31 December 2016 £	Company 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2015 £
Trade payables	45,364	25,186	59,419	36,427
Other payables	<u>141,223</u>	<u>121,753</u>	<u>143,478</u>	<u>122,305</u>
	<u>186,587</u>	<u>146,939</u>	<u>202,897</u>	<u>158,732</u>

12. CONVERTIBLE LOAN NOTES

	Group 31 December 2016 £	Company 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2015 £
<b>Amounts falling due within one year:</b>				
Convertible loan notes	<u>-</u>	<u>-</u>	<u>150,238</u>	<u>150,238</u>
<b>Amounts falling due after more than one year:</b>				
Convertible loan notes	<u>-</u>	<u>-</u>	<u>1,574,105</u>	<u>1,574,105</u>

Greenstone Resources LP issued convertible loan notes to North River Resources Plc as part of the contracted subscription agreement in the Open Offer placed on the market in September 2015.

On the 18 July 2016 the majority of the US Dollars notes were redeemed and converted into new ordinary Greenstone shares at the Open Offer Price. Also a subdivision and consolidation of the Company's existing share capital took place in July and is discussed further in note 13.

As the loan notes were converted before the end of loan period, the discounted loan balance has been unwound in full. An unwinding charge to bring the loan balance back to fair value of £588,744 is reported within finance costs see note 3.

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Terms and debt repayment schedule**

Terms and conditions of outstanding loan were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face Value £	Carrying Amount 31 December 2016 £
Convertible loan notes	<u>USD</u>	10	<u>2018</u>	<u>2,360,897</u>	<u>-</u>

**Convertible loan note movements:**

	£
Brought forward liability at 1 January 2016	1,724,343
Unwinding charge incurred on the loan note balance to conversion	175,870
Nominal 10% interest payments made to Greenstone Resources LP	(128,060)
Final unwinding charge back to fair value	<u>588,744</u>
Fair value of convertible notes at conversion (\$3,127,126)	2,360,897
Amounts extinguished and converted into new shares - see note 13	(2,360,897)
Carrying amount of the liability at 31 December 2016	<u>-</u>

**13. SHARE CAPITAL**

**Allotted, issued and fully paid:**

	Nominal value	31 December 2016	31 December 2015
Number of ordinary shares	0.2p	<u>26,392,596</u>	<u>2,199,091,843</u>
Ordinary share capital		£52,785	£4,398,183
Number of deferred shares	0.0008p	<u>547,573,868,907</u>	<u>-</u>
Deferred share capital		£4,380,591	

The deferred share capital issued in connection with the fundraising discussed in further detail within this note has attached to no voting rights, dividend and capital distribution (including on winding up) rights and does not confer any rights of redemption.

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Shares issued in the year:**

<b>Date of issue</b>	<b>Detail of issue</b>	<b>Number of ordinary shares</b>	<b>Number of deferred shares</b>	<b>Ordinary share capital £</b>	<b>Deferred share capital £</b>	<b>Share premium £</b>
At 1 January 2016		2,199,091,843	-	4,398,183	-	21,258,590
18 July 2016	Subdivision and issue of deferred shares	-	547,573,868,907	(4,380,591)	4,380,591	-
18 July 2016	Consolidate ordinary share capital	(2,190,295,476)	-	-	-	-
18 July 2016	New shares issued to existing shareholders	17,596,229	-	35,193	-	4,191,942
18 July 2016	Expenses on issue of convertible loan note and equity shares	-	-	-	-	(159,148)
As at 31 December 2016		26,392,596	547,573,868,907	52,785	4,380,591	25,291,384

**US\$5.6m Fundraising and Share Capital Reorganisation (Sub-division, consolidation and redemption of convertible loan notes into shares)**

On the 18 July 2016 the Company raised \$5.6m through the issue of new secured conditional convertible loan notes to Greenstone Resources LP and raising additional proceeds via an open offer to the market and placing of new shares in the Company.

At the same time the Company underwent a share subdivision exchanging each ordinary share for 249 deferred shares and 1 subdivided ordinary share. The subdivided shares were ascribed a value of 0.0008 pence. The newly issued deferred shares had effectively no entitlement to the company equity and as a result the balance attributed to the deferred shares is recycled through share premium in the company.

The subdivided ordinary share capital was then consolidated exchanging 250 subdivided shares into one consolidated share at par of 0.2 pence, restoring the nominal value of ordinary share capital within the Company's accounts.

The existing Greenstone convertible loan notes were converted in full in exchange for 17,596,229 shares at the open offer price of 23.75 pence for £2,360,897 (\$3,127,126) through partial redemption of funds raised on the open offer totalling £61,455 (\$82,350) and placing of shares.

The shortfall in the open offer proceeds led to the Company issuing Greenstone Resources LP a conditionally convertible loan note totalling £1,805,767 (\$2,472,874) culminating into the \$5.6m fundraising. The full balance of the loan note issued was converted by Greenstone into new shares within the Company on issue.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

## 14. TAXATION

	Group 31 December 2016 £	Group 31 December 2015 £
Tax charge for year	-	-
<b>Factors affecting the tax charge for the year</b>		
Loss from continuing operations before income tax expenses	(2,658,868)	(9,797,691)
Tax at 20% (2015: 20.25%)	(531,774)	(1,984,032)
Expenses not deductible	202,848	784,095
Overseas rate differences	(212,162)	(271,398)
Excess / (shortfall) of fiscal depreciation over accounting depreciation	21,001	21,922
Other timing differences not recognised (exploration costs, leave pay)	305,454	521,465
Losses carried forward not recognised	214,633	927,949
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

The Group has tax losses of £8.7m (2015: £15.3m) and exploration costs of £16m (2015: £11m) which will be available for offset against future income. No deferred tax has been reflected on these assets as the timing of their utilisation is uncertain at this stage.

The total amounts of deferred tax are:

	Group 31 December 2016 £	Group 31 December 2015 £
<b>Total provided for</b>	<b>-</b>	<b>-</b>
<b>Un-provided for</b>		
Accelerated capital allowances	(121,567)	(70,246)
Exploration costs	(5,995,191)	(4,142,240)
Unutilised losses	(1,669,705)	(2,860,325)
Total un-provided deferred tax asset	(7,786,463)	(7,072,811)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

## 15. SHARE-BASED PAYMENTS

## Share options outstanding

	31 December 2016 Number	31 December 2015 Number
Opening balance	-	9,100,000
Expired/cancelled during the year	-	(9,100,000)
Closing balance	-	-

## 16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the Group's financial statements.

	Book Values		Fair Values	
	31 December 2016 £	31 December 2015 £	31 December 2016 £	31 December 2015 £
<b>Financial Assets</b>				
Trade and other receivables	25,140	25,767	25,140	25,767
Cash and cash equivalents	1,010,613	1,376,740	1,010,613	1,376,740
<b>Total</b>	<u>1,035,753</u>	<u>1,402,507</u>	<u>1,035,753</u>	<u>1,402,507</u>
<b>Financial Liabilities</b>				
Trade and other payables	186,587	202,897	186,587	202,897
Convertible loan notes	-	2,305,680	-	1,724,344
<b>Total</b>	<u>186,587</u>	<u>2,508,577</u>	<u>186,587</u>	<u>1,927,241</u>

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying value amounts largely due to the short-term maturities of these instruments.

## 17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables.

The main purpose of cash and cash equivalents financial instruments is to finance the Group's operations.

The Group's other financial assets and liabilities such as trade receivables and trade payables, arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken.

**Market risk**

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the entity'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. The Group does not use derivative products to hedge

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

**Cash flow interest rate risk**

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The Group has no policy as to maximum or minimum level of fixed or floating instruments.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

	<b>Weighted average effective interest rate</b>	<b>Floating interest rate maturing in 1 year or less</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing 2016</b>	<b>Total</b>
<b>Year ended 31 December 2016</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>					
Trade and other receivables	-	-	-	25,140	25,140
Cash on deposit	0.25	1,010,613	-	-	1,010,613
<b>Total financial assets</b>		<b>1,010,613</b>	<b>-</b>	<b>25,140</b>	<b>1,035,753</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	186,587	186,587
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>185,587</b>	<b>186,587</b>

	<b>Weighted average effective interest rate</b>	<b>Floating interest rate maturing in 1 year or less</b>	<b>Fixed interest rate 2015</b>	<b>Non-interest bearing 2015</b>	<b>Total</b>
<b>Year ended 31 December 2015</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>					
Trade and other receivables	-	-	-	25,767	25,767
Cash on deposit	0.5	1,376,740	-	-	1,376,740
<b>Total financial assets</b>		<b>1,376,740</b>	<b>-</b>	<b>25,767</b>	<b>1,402,507</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	202,897	202,897
Convertible loan notes (fixed interest rate)	10.00	-	1,724,343	-	1,724,343
<b>Total financial liabilities</b>		<b>-</b>	<b>1,724,343</b>	<b>202,897</b>	<b>1,927,240</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**Net fair value**

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the Statement of Financial Position and in the related notes.

**Currency risk**

The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the Namibian Dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

**Financial risk management**

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

**Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of exploration activities. The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

**Capital management**

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital will continue to be sourced from equity and from borrowings as appropriate.

**18. RELATED PARTY TRANSACTIONS**

Full details of Directors' remuneration is included in note 19.

**Convertible loan notes**

In 2015 the Group issued convertible loan notes to Greenstone Resources LP as part of the contracted subscription agreement in the Open Offer to the market in September 2015. In July 2016 the convertible loan notes were redeemed in full, see note 13 for further details.

As part of the agreement interest is due quarterly in arrears on the full balance of the loan notes at an annualised rate of 10%. The total interest paid up to the date of conversion, 18 July 2016, was £128,060.

In July a \$5.6m fundraising took place which Greenstone underwrote with a convertible loan note. The details of the convertible loan and issue of new shares is discussed further in note 13.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

As part of the contractual agreement a sum of £48,552 was included as part of the consideration payable by Greenstone Resources LP in the \$5.6m fundraising. These were for professional fees incurred by Greenstone Resources LP in the set up costs for underwriting the open offer and placing to the market.

At the 31 December 2016, a balance of £3,204 was due to Ken Sangster and Associates Limited a company which Ken Sangster is also a director (2015: nil). Further at 31 December 2016, a balance of £413 was due to James Beam (2015: nil), both of these balances were due for expenses incurred by the individuals as part of the normal course of business.

**Directors' consulting fees**

During the year none of the Directors provided consulting services in addition to their directorships.

**19. EMPLOYEES' AND DIRECTORS' REMUNERATION**

The employee costs of the Group (including Directors' remuneration) are as follows:

Group	Year ended	Year ended
	31 December	31 December
	2016	2015
	£	£
Employee, Directors and Contractors remuneration	706,919	901,418
Employee, Directors and Contractors social security costs	40,027	51,605
Total	<u>746,946</u>	<u>953,023</u>
<b>Average employee, directors and contractor numbers</b>	<b>Number</b>	<b>Number</b>
Exploration and expenditure	22	28
Non-executive Directors	5	6
Administration and management	6	6
Total	<u>33</u>	<u>40</u>

Directors' remuneration (excluding employer's National Insurance) for the year was as follows:

2016	Directors' salary	Directors' bonus	Directors' fees	Directors' consulting fees	Total
Directors	Year to	Year to	Year to	Year to	Year to
	31 Dec 16	31 Dec 16	31 Dec 16	31 Dec 16	31 Dec 16
	£	£		£	£
Mark Thompson	22,000	-	-	-	22,000
James Beams	160,000	-	-	-	160,000
Keith Marshall	22,000	-	-	-	22,000
Ken Sangster	22,000	-	-	-	22,000
Rodney Beddows	44,000	-	-	-	44,000
	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,000</u>

Mark Sawyer being a representative of Greenstone Resources LLP, does not receive a fee for non-executive director services. No agreement has been entered into with Chan Ding, for the provision of her services during 2016.

All non-executive director service fees were put on hold from December 2016, during this period there are no accrued fees due to the non-executive directors.

**NORTH RIVER RESOURCES PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>2015</b>	<b>Directors' salary</b>	<b>Directors' bonus</b>	<b>Directors' fees</b>	<b>Directors' consulting fees</b>	<b>Total</b>
<b>Directors</b>	<b>Year to 31 Dec 15</b>	<b>Year to 31 Dec 15</b>	<b>Year to 31 Dec 15</b>	<b>Year to 31 Dec 15</b>	<b>Year to 31 Dec 15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Martin French	159,980	-	-	6,000	165,980
Brett Richards	-	-	24,000	-	24,000
Mark Thompson	-	-	24,000	-	24,000
James Beams	142,692	22,500	-	7,661	172,853
Keith Marshall	-	-	28,000	-	28,000
Ken Sangster	-	-	28,000	-	28,000
Rodney Beddows	-	-	1,935	-	1,935
	<u>302,672</u>	<u>22,500</u>	<u>105,935</u>	<u>13,661</u>	<u>444,768</u>

**20. CONTROL**

No one party is identified as controlling the Group.

**21. EXPLORATION EXPENDITURE AND RESTORATION COMMITMENTS**

**Restoration commitments**

The Group has no obligations at 31 December 2016 to undertake any rehabilitation or restoration activity on the licences currently held.

**Existing Exploration Licences in Namibia**

The Group has a number of exploration licences in Namibia (see Note 4). The Group is planning to carry out minimal further exploration work on the licences, until there is further clarity around the timing of the issue of the Namib Lead Zinc mine licence.

**Existing Exploration Licences in Mozambique**

The Group has an effective 40% interest in a licence in Mozambique, through its associated company North River Resources (Murrupula) Limitada. The cost of maintaining this licence is not significant to the Group and will be borne by North River Resources plc (see Note 8).

**22. SUBSEQUENT EVENTS**

The Board announced on the 21 February 2017 that it was seeking shareholder approval for the cancellation of admission of its Ordinary Shares to trading on AIM effective 27 March 2017. On the 17 March 2017 the Resolution proposed at the General Meeting for the cancellation of admission of its Ordinary Shares to trading on AIM was duly passed by Shareholders.