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North River Resources Plc
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North River Resources plc ('North River' or 'the Company')
Interim Results

North River Resources plc, the AIM listed resource company, announces its results for the six months to 30 June 2011.

Overview

- ... Significant progress made across Namibian portfolio of assets resulting from ongoing comprehensive work programme
- ... High grade intercepts identified following underground drilling at Namib Lead-Zinc Project - prioritised to advance towards recommencement of production
- ... Drilling on two copper projects completed - preliminary test results from Koperberg positive, final report expected shortly
- ... Updated resource on Dordabis copper target and maiden resource from Malachite Pan copper target expected Q4 2012
- ... Total Namibian land position increased to 5,459km² following grant of four additional exclusive prospecting licences
- ... Strong cash position of circa £5 million to be utilised for additional exploration and development campaigns across Namibian portfolio

North River Managing Director, David Steinepreis, said, "The recent drill results from the Namib project returned some higher grades than we were anticipating based on available historic data. Most importantly we have now confirmed that the mineralisation continues immediately below the current base of mining which has added credibility to historic intersections at similar depths in other ore bodies in the mine.

"The results from the Namib project have underpinned the high prospectivity of this previously producing asset and have demonstrated its potential to become a stand-alone project. In line with this, the Company has commenced a conceptual engineering study of the project. This study will form the basis of a pre-feasibility study should exploration work demonstrate sufficient resource/reserve numbers.

"In tandem with our Namib development schedule, work continues on the Koperberg and Malachite Pan surface copper projects. We are looking forward to receiving the results of ongoing metallurgical studies from both projects. Preliminary flotation results from Koperberg are positive with higher than expected oxide recoveries from the upper section of the deposit.

"Our exploration programs are continuing with regional exploration of our Witvlei and Dordabis projects ramping up over the remainder of 2011, as we remain focussed on advancing both the Namib project and our copper assets in order to realise our strategy of building a significant southern African resource company."

Operations Statement

2011 is proving to be a defining year for North River. Positive drill results from the Namib Lead-Zinc Project have reinforced the potential for this asset to return to production. In addition, the drilling campaigns conducted at our Witvlei and Dordabis Copper Projects have intersected mineralisation as anticipated and we await the results of metallurgical testwork being carried out on those samples. Accordingly I believe we are now at a point where we can begin to translate the work we have put into our projects into appreciated shareholder value.

A key development for North River was the successful underground drilling campaign at the Namib Lead-Zinc Project. The identification of high grade intersections, which included 5.00m @ 19.64% zinc ('Zn'), 14.32% lead ('Pb'), 317g/t silver ('Ag'), 144ppm indium ('In') and 8.93m @ 5.77% Zn, 7.83% Pb, 134g/t Ag, 36ppm In, has provided further support for the development of the Namib project, and in line with this, we have commenced a conceptual engineering study on the project. These highly encouraging results, which demonstrated extensions of mineralisation at depth and higher than expected grades in the main junction ore zone, have led to an increased focus on Namib, which we believe has considerable potential value to North River and could progress to be a stand-alone project.

Our 2011 work programme has also focussed on our copper projects, which include the Witvlei and Dordabis Copper Projects in central Namibia. The work programme on our copper assets has included drilling and sampling ahead of metallurgical test work. Encouragingly, initial results on samples from the Koperberg target within the Dordabis Project show that the oxide material in the upper section of the ore body responds more positively than expected to flotation. The Company is waiting to receive the final report on this metallurgical test work, the results of which will be announced in due course. An updated resource estimate on the Koperberg target and a maiden resource estimate on the Malachite Pan target of the Witvlei Project, are underway.

In addition to the work programme carried out on our existing Namibian portfolio, the Company was also granted four additional exclusive prospecting licences ('EPLs'), providing the Company with a total land position in Namibia of 5,459km². This significant land holding in Namibia, which hosts one of the largest and most unique concentrations of mineralised terrains in Africa, provides North River with a strong position from which to develop the Company's portfolio of highly prospective assets towards production in the mid-term.

Namibia

Namib Lead & Zinc Mine ('Namib')

The Company recently completed an underground drilling campaign at the previously producing Namib project. A total of approximately 1,300m was drilled, with the target being extensions to two ore shoots in the Junction Ore Body area.

Assay results for twelve of the drill-holes have already been received from the Bureau Veritas laboratory in Swakopmund and the results from the remaining four holes are expected shortly.

The current results and historic records tend to support statements made in 1992, at the time of the mine's closure, that there was 1,000,000 tonnes of high grade ore remaining. It is thought that this claim refers to reserves from the base of historic mining at 7 Level (approx 200m below surface) down to the base of historic drill records, at approximately 10 Level (300m below surface).

North River has commenced dewatering operations with the installation of pumps. Pumping will start once a discharge permit is received. Once the lower levels of the mine are accessible they will

be made safe, cleared and surveyed to support a conceptual engineering study on the project. Completion of this exercise will enable the Company to establish the level of reserves/resources required to justify re-opening the mine and will form the basis of any decision to commence underground development to facilitate further exploration.

Further underground drilling will be completed if suitable drill platforms can be identified.

Witvlei and Dordabis Copper Projects ('Witvlei and Dordabis')

Dordabis Copper Project

Located 90km south-east of the Namibian capital, Windhoek, the Dordabis Copper Project, covering over 473km², contains four known copper deposits.

A 485m drilling programme at the Koperberg target on the project was completed on 4 June 2011, with all nine holes (KBDD001-9) intersecting moderate to good mineralisation based on visual estimates. Sampling was completed in June 2011 and 278 samples were cut, bagged and dispatched for preliminary metallurgical test-work at Kupfermelt Metal Processing in South Africa in July 2011. Bulk density measurements will now be made on the core at the Company's warehouse in Windhoek.

A preliminary structural map of the outcrop area at Koperberg has been compiled. This mapping will be supplemented by incorporating structural observations from cores and a ground magnetic survey, which is scheduled for completion in September 2011.

It is now anticipated that the Company will obtain an updated resource statement for Koperberg from an external consultant, which is expected to be completed in Q4 2011.

A regional programme to explore the remaining potential on the Dordabis licence area is being planned, including field visits to known mineralisation areas, re-assessment of previous drilling results and identification of additional targets for follow-up if required.

A mining consultancy is to be appointed to conduct a preliminary pit design over the Koperberg, RK and RK West deposits to facilitate economic analysis.

Witvlei Copper Project

The Witvlei Copper Project covers five known copper deposits located over a region of 550km².

A 700m drilling programme commenced at the Malachite Pan target on the project in June 2011, aimed at acquiring samples for metallurgical test-work. The programme has been completed with all holes intersecting mineralisation, as targeted, of dominantly malachite and mixed copper sulphides in the oxidised zone and bornite-chalcopyrite-chalcocite-malachite in the un-oxidised rock. Bulk density measurements will be made on the core once it has been transported to the Company's warehouse in Windhoek and detailed structural measurements will also be recorded to assist with upgrading the geological model for the area, this work will be completed by the Company's geologists. The Company is in the process of obtaining a resource statement for Malachite Pan from an external consultant, which should be completed in Q4 2011.

A regional programme to explore remaining potential on the Witvlei Project is currently being planned. Previous exploration programmes by the Company (and, historically, by third parties) have largely focussed on the known copper occurrences, with little work on regional targets that might not have been detected by conventional surface soil geochemistry. The main focus of the regional targeting is a revised structural interpretation of the area.

Ubib Copper/Gold Project ('Ubib')

The Ubib Copper/Gold Project is located 15km south-west of Namibia's longest producing gold

mine, the four million ounce Navachab Gold Mine, owned by AngloGold Ashanti.

The recently completed soil sampling programme at Ubib covered the Tsawichas target, a consistent ground magnetic anomaly over a 2.5km strike length, which correlates well with previous regional gold in soil sampling results, rock chip sampling of outcrop and limited drilling carried out by the Company in 2008. A total of 1,624 samples have been dispatched for analysis by Genalysis Laboratory Services in Perth, Australia.

The soil sampling programme covered the priority part of the ground magnetic survey area at 50m line and 25m sample spacing and is anticipated that the results will indicate whether the gold in soil anomaly is consistent over the entire 2.5km strike length of the magnetic anomaly and whether there are additional drill targets worth testing immediately or after additional ground geophysics (e.g. induced polarisation geophysical imaging to identify subsurface materials).

Reconnaissance soil sampling and mapping at the Bergrus and Tsawisis targets, approximately 25km southwest of the Tsawichas target, is expected to be completed in September 2011.

Brandberg Energy - JV with Extract Resources Limited ('Extract')

Work to date has involved interpretation of regional data acquired by Extract and a reconnaissance field visit to assess the area, by mapping out areas of outcrop and overburden, for future ground geophysical surveys. Access to the licence areas is good.

The main target is for secondary uranium mineralisation hosted within concealed calcretised palaeochannels that drain known primary uranium bearing lithologies in the area.

The reconnaissance visit highlighted a number of historical sampling pits, some of which show evidence of secondary uranium mineralisation in the exposed spoil and percussion drill hole collars. Results for the historical exploration work are not known.

New Licences

Hero

Exploration at the Hero Project, prospective for base and precious metals, is targeting extensions to the extensively mineralised Northern Marginal Zone and Northern Platform areas of the Damaran Belt in northern Namibia. The project lies to the east of known deposits at Tsumeb, Kombat, Berg Aukas and Khusib Springs, amongst others.

Regional 200m line spacing airborne magnetic data, conducted by the Namibian Geological Survey indicates that numerous structures of the Damaran rock units continue under the Kalahari cover sequences and also that the Kalahari sequences are not as thick as previously interpreted.

An airborne electromagnetic survey (VTEM system) was flown by the government of the Republic of Namibia in 2008 and the data is in the process of being acquired by the Company. The VTEM survey covers approximately 40% of the project area and will be used to target areas for future ground geophysical surveys prior to drill testing.

The Company is reprocessing the airborne magnetic data prior to a full data interpretation.

Kamkas

The Kamkas Project is targeting base and precious metals mineralisation in an area underlain by extensive Neoproterozoic Nama Group sediments. The targeting was based on anomalous base and precious metals (Cu, Zn, Pb, Ag) values obtained from the drilling of a water borehole in the area in the last five years, the location of which falls on the boundary of a distinctive deep-seated magnetic feature which occurs at the intersection of numerous regional structural lineaments.

Repeat tests of drill cuttings, (conducted in 2011) from the historic hole did not support the previous

analysis and reported no significant results.

The Company is to conduct a relatively low cost reconnaissance exercise, including geophysics down the existing water borehole and water sampling from regional water bores.

Mozambique

The Company recently signed two JVs in regard to its Mozambican assets in order to accelerate development of the licences and deliver value to shareholders.

Monte Muande - JV with Baobab Resources plc ('Baobab')

Baobab is advancing the development of the Monte Muande project in the Tete province of Mozambique, which is prospective for magnetite/phosphorus, base and precious metals.

An iron and phosphate exploration target of 200Mt-250Mt has been published, which demonstrates the potential of the project, and the shallow depth of the current modelling suggests that further mineralisation may be delineated following deeper drilling programmes.

A diamond drilling programme of approximately 2,000 metres is under way with approximately 1,250 metres completed. Results are expected in October.

Further details relating to the agreement between North River and Baobab are set out in the announcement dated 15 November 2010.

Mavuzi - JV with Jacana Resources Limited ('Jacana')

The Mavuzi licence is prospective for uranium and rare earth elements ('REEs') and covers 54,580ha in the Tete province of Mozambique. The licence hosts the Castro and Inhatobui targets as well as the previously producing Mavuzi and Castro uranium mines, where the initial discovery of uranium in 1948 resulted in the reported production of 50 tonnes of uranium between 1948 and 1950, with uranium mining continuing until 1974.

A work programme was initiated in May 2011 by Jacana. This anticipated re-establishing the exploration grid over the undrilled Castro and Inhatobui targets through rock chip sampling of outcropping mineralisation and lithological sampling of all exposed lithologies.

The Mavuzi and Mavuzi East Fault Zones, being the currently known hosts for uranium mineralisation, will initially form the principal target areas. Jacana will conduct systematic sediment sampling initially in the environs of the Mavuzi historic mine but ultimately to cover the entire licence, in order to delineate potentially mineralised targets outside the vicinity of the Mavuzi Fault and the Mavuzi East Zone.

Further details relating to the agreement between North River and Jacana are set out in the announcement dated 2 February 2011.

Outlook

The comprehensive work programme that we initiated at the beginning of 2011 is continuing, and we look forward to the receipt of further results. The progress at Namib is very encouraging as is the preliminary metallurgical work at Dordabis.

The Company anticipates further results from development work at Dordabis, Witvlei and Namib during Q4 2011, as well as results from the numerous exploration programmes currently underway.

David Steinepreis
Managing Director
2 September 2011

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

	Note	Unaudited Period from 1 January to 30 June 2011 £	Unaudited Period from 1 January to 30 June 2010 £	Audited Period from 1 July 09 to 31 Dec 2010 £
CONTINUING OPERATIONS				
Other operating income		-	-	6,991
Exploration expenditure		(712,864)	(319,341)	(1,393,181)
Administrative expenses before share based payments		(602,561)	(939,596)	(1,611,209)
Share based payments	9	(94,425)	(859,110)	(4,392,870)
Total administrative expenses		(696,986)	(1,798,706)	(6,004,079)
OPERATING LOSS		(1,409,850)	(2,118,047)	(7,390,269)
Interest paid on short term borrowings		-	(13,397)	(30,394)
Interest received on bank deposits		24,827	4,548	23,245
LOSS BEFORE TAX		(1,385,023)	(2,126,896)	(7,397,418)
Taxation		-	-	-
LOSS FOR THE PERIOD		(1,385,023)	(2,126,896)	(7,397,418)
OTHER COMPREHENSIVE INCOME:				
Currency translation gain / (loss)		25,400	(179,031)	82,643
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,359,623)	(2,305,927)	(7,314,775)
Loss per share				
Basic and diluted - pence per share	3	(0.21p)	(0.36p)	(1.62p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Unaudited as at 30 June 11 £	Unaudited as at 30 June 10 £	Audited as at 31 Dec 10 £
NON-CURRENT ASSETS				
Goodwill	4	7,831,768	7,879,688	7,831,768
Intangible assets	5	200,958	214,636	202,108
Property, plant and equipment	6	271,837	187,141	184,782
		8,304,563	8,281,465	8,218,658
CURRENT ASSETS				
Trade and other receivables		140,022	102,986	108,756
Cash and cash equivalents		5,217,281	4,750,144	3,536,920
		5,357,303	4,853,130	3,645,676

TOTAL ASSETS		13,661,866	13,134,595	11,864,334
CURRENT LIABILITIES				
Trade and other payables		224,726	249,472	136,996
Convertible loan notes		-	250,000	-
		224,726	499,472	136,996
NET ASSETS/(LIABILITIES)		13,437,140	12,635,123	11,727,338
EQUITY				
Called up share capital	7	1,402,400	1,192,400	1,192,400
Share premium account	7	16,968,767	14,198,148	14,203,767
Option premium reserve		4,642,070	2,741,412	4,547,645
Translation reserve		108,043	(158,279)	82,643
Retained earnings		(9,684,140)	(5,338,558)	(8,299,117)
TOTAL EQUITY		13,437,140	12,635,123	11,727,338

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

	Issued capital £	Share premium £	Retained earnings £	Option reserve £	Translation reserves £	Total £
PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011 (UNAUDITED)						
At 31 Dec 2010	1,192,400	14,203,767	(8,299,117)	4,547,645	82,643	11,727,338
Loss for the period	-	-	(1,385,023)	-	-	(1,385,023)
Other comprehensive income						
Exchange gains	-	-	-	-	25,400	25,400
Total comprehensive income for the period	-	-	(1,385,023)	-	25,400	(1,359,623)
Shares issued	210,000	2,940,000	-	-	-	3,150,000
Share issue expenses	-	(175,000)	-	-	-	(175,000)
Share based payment charge	-	-	-	94,425	-	94,425
At 30 June 2011	1,402,400	16,968,767	(9,684,140)	4,642,070	108,043	13,437,140
PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010 (UNAUDITED)						
At 31 Dec 2009	1,188,000	14,136,548	(3,211,662)	1,882,302	20,752	14,015,940
Loss for the period	-	-	(2,126,896)	-	-	(2,126,896)
Other comprehensive income						
Exchange gains	-	-	-	-	(179,031)	(179,031)
Total comprehensive income for the period	-	-	(2,126,896)	-	(179,031)	(2,305,927)
Shares issued	4,400	61,600	-	-	-	66,000
Share issue expenses	-	-	-	-	-	-
Share based payment charge	-	-	-	859,110	-	859,110
At 30 June 2010	1,192,400	14,198,148	(5,338,558)	2,741,412	(158,279)	12,635,123
PERIOD FROM 1 JULY 2009 TO 31 DECEMBER 2010 (AUDITED)						
At 30 June 2009	68,000	481,238	(901,699)	154,775	-	(197,686)
Loss for the period	-	-	(7,397,418)	-	-	(7,397,418)
Other comprehensive income						
Exchange gains	-	-	-	-	82,643	82,643
Total comprehensive income for the period	-	-	(7,397,418)	-	82,643	(7,314,775)
Shares issued	1,124,400	14,541,600	-	-	-	15,666,000
Share issue expenses	-	(819,071)	-	-	-	(819,071)
Share based payment charge	-	-	-	4,392,870	-	4,392,870
At 31 December 2010	1,192,400	14,203,767	(8,299,117)	4,547,645	82,643	11,727,338

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

Note	Unaudited Period from 1 January 11 to 30 June 11 £	Unaudited period from 1 January 10 to 30 June 10 £	Audited Period from 1 July 09 to 31 Dec 10 £
Cash flows from operating activities			
Operating loss	(1,409,850)	(2,118,047)	(7,390,269)
Adjustments:			
Depreciation and amortisation charges	53,986	41,364	111,483
Share based payments	94,425	859,110	4,392,870
Foreign exchange	-	(2,321)	-
	<u>(1,261,439)</u>	<u>(1,219,894)</u>	<u>(2,885,916)</u>
Movement in working capital			
(Increase) / decrease in debtors	(31,266)	(60,883)	(108,756)
Increase / (decrease) in creditors	87,730	(65,069)	(95,768)
Net movements in working capital	<u>56,464</u>	<u>(125,952)</u>	<u>(204,524)</u>
Net cash outflow from operating activities	<u>(1,204,975)</u>	<u>(1,345,846)</u>	<u>(3,090,440)</u>
Cash flows from investing activities			
Sale / (purchase) of intangible fixed assets	22,182	(3,513)	(78,530)
Cash gained on acquisition of subsidiaries	-	-	138,770
Purchase of property, plant and equipment	<u>153,801</u>	<u>(19,637)</u>	<u>(57,524)</u>
Net cash inflow / (outflow) from investing activities	<u>175,983</u>	<u>(23,150)</u>	<u>2,716</u>
Cash flow from financing activities			
Repayments of convertible notes	-	(250,000)	(750,000)
Proceeds from issue of convertible notes	-	-	600,000
Issued shares	3,150,000	-	7,500,000
Issue expenses	(175,000)	-	(819,071)
Interest paid	-	(13,397)	(30,394)
Interest received	<u>24,827</u>	<u>4,548</u>	<u>23,245</u>
Net cash inflow / (outflow) from financing activities	<u>2,999,827</u>	<u>(258,849)</u>	<u>6,523,780</u>
Increase / (decrease) in cash and cash equivalents	1,970,835	(1,627,845)	3,436,056
Cash and cash equivalents at beginning of the year	3,536,920	6,557,020	35,078
Exchange (loss) / gain on cash	(290,474)	(179,031)	65,786
Cash and cash equivalents at end of the year	<u>5,217,281</u>	<u>4,750,144</u>	<u>3,536,920</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

1. BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standard 34, Interim Financial Reporting.

These interim results for the six months ended 30 June 2011 are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Group for the 18 month period ended 31 December 2010. The financial statements for the 18 months ended 31 December 2010 have been delivered to the Registrar of Companies and the auditors' report on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. SEGMENT REPORTING

For the purposes of segmental information, the operations of the Group are focused in the United Kingdom, Namibia and Mozambique and comprise one class of business: the exploration and evaluation of mineral resources.

The Company acts as a holding company.

The Group's operating loss for the period arose from its operations in the United Kingdom, Namibia and Mozambique. In addition, all the Group's assets are based in the United Kingdom, Namibia and Mozambique.

Geographical Segment - Group 30 June 2011 (UNAUDITED)

	United Kingdom	Namibia	Mozambique	Total
	£	£	£	£
Other income	-	-	-	-
Exploration expenditure	(211,876)	(486,620)	(14,369)	(712,865)
Administration expenses	(473,253)	(129,307)	-	(602,560)
Interest paid	-	-	-	-
Interest received	19,142	5,685	-	24,827
Share based payments	(93,225)	(1,200)	-	(94,425)
Loss before taxation	(759,212)	(611,442)	(14,369)	(1,385,023)
Trade and other receivables	46,425	93,597	-	140,022
Cash and cash equivalents	4,179,749	1,037,532	-	5,217,281
Accrued expenditure and provisions	(102,038)	(122,688)	-	(224,726)
Goodwill	7,831,768	-	-	7,831,768
Intangible assets	1,363	23,086	176,509	200,958
Property plant and equipment	21,757	250,080	-	271,837
Net assets	11,979,024	1,281,607	176,509	13,437,140

Geographical Segment - Group 30 June 2010 (UNAUDITED)

	United Kingdom	Namibia	Mozambique	Total
	£	£	£	£
Other income	-	-	-	-
Exploration expenditure	(101,634)	(497,113)	-	(598,747)
Administration expenses	(560,570)	(99,620)	-	(660,190)
Interest paid	(13,397)	-	-	(13,397)
Interest received	2,487	2,061	-	4,548
Share based payments	(859,110)	-	-	(859,110)
Loss before taxation	(1,532,224)	(594,672)	-	(2,126,896)
Trade and other receivables	58,877	44,109	-	102,986
Cash and cash equivalents	4,735,785	14,359	-	4,750,144
Accrued expenditure and provisions	(111,073)	(138,399)	-	(249,472)
Goodwill	7,879,688	-	-	7,879,688
Intangible assets	169,485	45,151	-	214,636
Property plant and equipment	-	187,141	-	187,141
Convertible loan notes	(250,000)	-	-	(250,000)
Net assets	12,482,762	152,361	-	12,635,123

Geographical Segment - Group 31 December 2010 (AUDITED)

	United Kingdom	Namibia	Mozambique	Total
	£	£	£	£
Other income	-	6,991	-	6,991
Exploration expenditure	-	(1,370,768)	(22,413)	(1,393,181)
Administration expenses	(1,240,161)	(371,048)	-	(1,611,209)
Interest paid	(30,394)	-	-	(30,394)
Interest received	18,943	4,302	-	23,245
Share based payments	(4,368,109)	(24,761)	-	(4,392,870)
Loss before taxation	(5,619,721)	(1,755,284)	(22,413)	(7,397,418)
Trade and other receivables	37,619	71,137	-	108,756
Cash and cash equivalents	3,446,322	90,598	-	3,536,920
Accrued expenditure and provisions	(72,682)	(64,314)	-	(136,996)
Goodwill	7,831,768	-	-	7,831,768

Intangible assets	1,758	30,865	169,485	202,108
Property plant and equipment	-	184,782	-	184,782
Net assets	11,244,785	313,068	169,485	11,727,338

At 30 June 2011, the Group had not commenced commercial production from its explorations sites and therefore had no turnover for the period. In the period to 31 December 2010 other income relates to the sale of scrap metal arising from the removal of the old mine head at the Namib Lead and Zinc mine in Namibia.

3. LOSS PER SHARE

	Loss for the period from continuing operations £	Weighted average number of shares	Loss per share Basic - pence per share
Six months ended 30 June 2011 (Unaudited)	(1,385,023)	646,780,568	(0.21) pence
Six months ended 30 June 2010 (Unaudited)	(2,126,896)	595,442,623	(0.36) pence
Eighteen months ended 31 December 2010	(7,397,418)	455,357,377	(1.62) pence

Options in issue are not considered diluting to the earnings per share as the Group is currently loss making.

4. GOODWILL AND BUSINESS COMBINATIONS

In accordance with the Share Purchase Agreement (dated 5 October 2009) entered into with Kalahari Gold Ltd, Kalahari Diamonds Ltd and Kalahari Minerals plc, 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'), formerly Craton Diamonds (Pty) Ltd. 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 ('Ordinary shares') each at 3 pence per Ordinary share.

Name of company	Country	 Holding	Portion held	Nature of business
West Africa Gold Exploration (Namibia) (Pty) Ltd	Namibia	Ordinary shares	100%	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	Namibia	Ordinary shares	100%	Exploration and mining

The combined loss for WAGE and Namib Lead since the acquisition date and included in the Consolidated Statement of Comprehensive Income for the reporting period is £1,864,916.

The acquisition of the two Namibian entities has been accounted for using acquisition accounting ("the purchase method"). The aggregate assets and liabilities were as follows:

	Book and fair values £	£
Non-current assets		
Intangible assets	62,767	
Property, plant and equipment	158,966	221,733
Current assets		
Trade and other receivables	143,582	
Cash and cash equivalents	138,770	282,352
Current liabilities		
Trade and other payables		(325,528)
Total net current assets		178,557
Non-current liabilities		
Borrowings from shareholder and related parties		(9,789,050)

Net assets acquired	(9,610,493)
Stakeholder loans acquired	<u>9,844,725</u>
Total assets acquired	234,232
Goodwill arising on acquisition	7,765,768
Additional goodwill from acquisition of royalty contracts (note a)	<u>66,000</u>
Total goodwill	<u>7,831,768</u>
Cost of acquiring WAGE and Namib Lead	8,000,000
Costs of acquiring royalty contracts (note a)	<u>66,000</u>
	<u>8,066,000</u>
Satisfied by:	
Shares issued as consideration shares	<u>8,066,000</u>

Note a:

Following the acquisition of WAGE, on 2 March 2010, the Company issued 2,200,000 Ordinary shares at 3 pence per Ordinary share to two individuals in exchange for the royalty contracts of WAGE's future earnings owned by the individuals.

It is the Directors' view that whilst the acquisition of the royalty contracts increases the value of WAGE to the Group no separately identifiable asset has been created, accordingly an increase to goodwill has been recognised.

Goodwill impairment

The Directors are of the opinion that the Goodwill acquired in respect of WAGE and Namib Lead in November 2009 represents the value of the Licence Areas held by WAGE and Namib Lead at 30 June 2011. 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.

The continued exploration and development work within the Licence Areas since acquisition has not revealed anything that would suggest that there has been a value change to the Goodwill position set out in the AIM listing document.

In reviewing the Goodwill value, it is noted that the commodity prices for the commodities that WAGE and Namib Lead are exploring for in Namibia have increased since November 2009. Copper prices have moved from approximately US\$6,500 per tonne in November 2009 to approximately US\$9,500 per tonne in June 2011 as well as the increase in gold, lead and zinc prices over that time.

On the date the Licence Areas were acquired, the Goodwill was allocated to the exploration areas in proportion to the historic exploration costs associated with the areas. See below. Management consider this to be an appropriate basis on which to recognise the goodwill purchased.

	30 June 2011
	£
Goodwill ascribed to areas	
WAGE	
Witvlei Copper	4,719,300
Dordabis Copper	<u>1,983,634</u>
	6,702,934
Namib Lead	
Namib Lead- mine	1,036,052
Ubib	<u>92,782</u>
Total	<u><u>7,831,768</u></u>

5. INTANGIBLE ASSETS

	Exploration licences £	Software £	Total £
COST			
At 30 June 2009	-	-	-
Acquired with subsidiaries	119,384	21,668	141,052
Additions in the period	169,654	-	169,654
Disposals in the period	-	(469)	(469)
At 31 December 2009	289,038	21,199	310,237
Additions in the period	-	3,513	3,513
Disposals in the period	-	-	-
Effects of movement in foreign exchange	1,246	250	1,496
At 30 June 2010 (Unaudited)	290,284	24,962	315,246
Additions in the period	870	8,175	9,045
Disposals in the period	(1,198)	(79)	(1,277)
Effects of movement in foreign exchange	15,131	(622)	14,509
At 31 December 2010 (Audited)	305,087	32,436	337,523
Additions in the period	7,023	15,159	22,182
Disposals in the period	-	-	-
Effects of movement in foreign exchange	(5,712)	(579)	(6,291)
At 30 June 2011 (Unaudited)	306,398	47,016	353,414
DEPRECIATION			
At 30 June 2009	-	-	-
Acquired with subsidiaries	65,253	8,985	74,238
Charge for the period	5,352	1,736	7,088
Disposals in the period	-	(469)	(469)
At 31 December 2009	70,605	10,252	80,857
Charge for the period	14,901	3,549	18,450
Disposals in the period	-	-	-
Effects of movement in foreign exchange	1,108	195	1,303
At 30 June 2010 (Unaudited)	86,614	13,996	100,610
Charge for the period	19,550	5,970	25,520
Disposals in the period	(1,198)	(79)	(1,277)
Effects of movement in foreign exchange	8,396	2,166	10,562
At 31 December 2010 (Audited)	113,362	22,053	135,415
Charge for the period	16,015	6,179	22,194
Disposals in the period	-	-	-
Effects of movement in foreign exchange	(4,389)	(764)	(5,153)
At 30 June 2011 (Unaudited)	124,988	27,468	152,456
NET BOOK VALUE			
At 30 June 2011 (Unaudited)	181,410	19,548	200,958
At 30 June 2010 (Unaudited)	203,670	10,966	214,636
At 31 December 2010 (Audited)	191,725	10,383	202,108

6. PROPERTY, PLANT AND EQUIPMENT

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 30 June 2009	-	-	-	-
On acquisition of subsidiary	32,835	55,394	184,040	272,269
Additions in period	168	-	28,223	28,391
Disposals in the period	-	(9,348)	-	(9,348)
At 31 December 2009	33,003	46,046	212,263	291,312
Additions in period	17,473	2,164	-	19,637
Disposals in the period	-	-	-	-
Effects of movement in foreign exchange	1,027	534	2,212	3,773
At 30 June 2010 (Unaudited)	51,503	48,744	214,475	314,722
Additions in period	4,741	5,848	-	10,589
Disposals in the period	(4,121)	(8,193)	-	(12,314)
Effects of movement in foreign exchange	5,896	(6,101)	27,134	26,929
At 31 December 2010 (Audited)	58,019	40,298	241,609	339,926
Additions in period	40,124	26,410	87,266	153,800
Disposals in the period	-	-	(47,885)	(47,885)
Effects of movement in foreign exchange	(1,462)	(1,294)	(13,495)	(16,251)
At 30 June 2011 (Unaudited)	96,681	65,414	267,495	429,590
DEPRECIATION				
At 30 June 2009	-	-	-	-

Accumulated depreciation on acquisition of subsidiary	16,617	32,575	55,341	104,533
Charge for the period	1,482	1,932	3,972	7,386
Disposals in the period	-	(8,897)	-	(8,897)
At 31 December 2009	18,099	25,610	59,313	103,022
Charge for the period	5,079	5,613	12,222	22,914
Disposals in the period	-	-	-	-
Effects of movement in foreign exchange	315	407	923	1,645
At 30 June 2010 (Unaudited)	23,493	31,630	72,458	127,581
Charge for the period	8,074	5,649	16,402	30,125
Disposals in the period	-	(3,117)	-	(3,117)
Effects of movement in foreign exchange	1,650	(7,972)	6,877	555
At 31 December 2010 (Audited)	33,217	26,190	95,737	155,144
Charge for the period	10,344	5,449	15,999	31,792
Disposals in the period	-	-	(47,885)	(47,885)
Effects of movement in foreign exchange	(1,151)	(971)	20,824	18,702
At 30 June 2011 (Unaudited)	42,410	30,668	84,675	157,753
NET BOOK VALUE				
At 30 June 2011 (Unaudited)	54,271	34,746	182,820	271,837
At 30 June 2010 (Unaudited)	28,010	17,114	142,017	187,141
At 31 December 2010 (Audited)	24,802	14,108	145,872	184,782

7. ORDINARY SHARES

Authorised:

Number	Class	Nominal value	Unaudited At 30 June 2011 £	Unaudited At 30 June 2010 £	Audited At 31 Dec 2010 £
5,000,000,000	Ordinary	0.2p	10,000,000	10,000,000	10,000,000

Allotted, issued and fully paid:

Number	Class	Nominal value	Unaudited At 30 June 2011 £	Unaudited At 30 June 2010 £	Audited At 31 Dec 2010 £
701,200,000	Ordinary	0.2p	1,402,400	1,192,400	1,192,400

Date of issue	Detail of issue	Number of Ordinary shares	Share capital £	Share premium £
26-Aug-09	Consolidation of capital (0.002p)	34,000,000	68,000	481,238
24-Sep-09	Placement to provide working capital	40,000,000	80,000	320,000
24-Sep-09	Placement - Mozambique licences	10,000,000	20,000	80,000
09-Oct-09	Conversion of convertible notes	10,000,000	20,000	80,000
20-Nov-09	Consideration to Kalahari Diamonds	21,666,667	43,333	606,667
20-Nov-09	Consideration to Kalahari Gold	245,000,000	490,000	6,860,000
20-Nov-09	Placement to provide working capital	233,333,333	466,667	6,533,333
18-Feb-10	Issue to purchase Royalty contracts	2,200,000	4,400	61,600
	Cost of issuing capital in the period	-	-	(819,071)
As at 31 Dec 2010		596,200,000	1,192,400	14,203,767
12-April-11	Placement to provide working capital	105,000,000	210,000	2,940,000
	Cost of issuing capital in the period	-	-	(175,000)
As at 30 June 2011		701,200,000	1,402,400	16,968,767

In the period from 1 January 2011 to 31 June 2011 the following Ordinary share issues occurred:

On 12 April 2011 105,000,000 Ordinary shares were placed in the market to raise £3,150,000 in share capital. Cash placement costs were £175,000 resulting in an increase in working capital of £2,975,000. The placing increases the number of Ordinary shares in issue at 30 June 2011 to 701,200,000.

8. SUBSIDIARY ENTITIES

The financial statements include the following group companies:

Company	Country of	Holding	Nature of business
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	Incorporation		
NRR Energy Minerals Limited	United Kingdom	100%	Inactive
NRR Mozambique Limited	United Kingdom	100%	Inactive
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 (Mavusi) Limitada	Mozambique	100%	Inactive
North River Resources (Murrupula) Limitada	Mozambique	100%	Inactive
North River Resources Pty Ltd ^{Note 1}	Australia	100%	Inactive
North River Resources Ltd ^{Note 2}	Isle of Man	100%	Dormant
North River Minerals Ltd ^{Note 2}	Isle of Man	100%	Dormant

Note 1: Company was closed in 2010

Note 2: Incorporated and closed within the period 30 June 2009 to 31 December 2010 with no activity.

The acquisition of WAGE and Namib Lead is covered in detail under Note 5 'Goodwill and Business Combinations'.

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. They have not traded.

9. SHARE BASED PAYMENTS

Share options outstanding

	Unaudited 6 months ended 30 June 2011	Unaudited 6 months ended 30 June 2010	Audited 18 months ended 31 Dec 2010
Opening balance	117,200,000	99,000,000	3,000,000
Issued in the period	-	18,900,000	114,900,000
Cancelled in the period	-	-	(700,000)
Closing balance	<u>117,200,000</u>	<u>117,900,000</u>	<u>117,200,000</u>

Details of share options outstanding at 30 June 2011:

Date of grant	Number of options	Option price p	Exercisable between
27 December 2006	3,000,000	10p	27/12/06 - 27/12/11
24 September 2009	61,000,000	5p	24/09/09 - 30/06/14
24 September 2009	10,000,000	10p	24/09/09 - 30/06/14
12 October 2009	10,000,000	5p	12/10/09 - 30/06/14
23 November 2009	15,000,000	5p	23/11/09 - 23/11/14
3 February 2010	4,725,000	7.5p	03/02/10 - 01/02/13
3 February 2010	4,725,000	7.5p	01/02/11 - 01/02/13
3 February 2010	4,725,000	10p	03/02/10 - 01/02/15
3 February 2010	4,725,000	10p	01/02/11 - 01/02/15

The share options issued in 2006 were fully expensed in prior periods.

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. Included within administration expenses for the 6 months to 30 June 2011 is a charge of £94,425, representing the expense related to options granted and still to vest.

Additional disclosure information

Weighted average exercise price of share options:

- outstanding at the beginning of the period	6.2 pence
- granted during the period	nil pence
- outstanding at the end of the period	6.2 pence
- exercisable at the end of the period	6.2 pence
Weighted average remaining contractual life of share options outstanding at the end of the period	2.8 years

10. CONTROL

No one party is identified as controlling the Company.

11. EXPLORATION EXPENDITURE COMMITMENTS

Restoration commitments

The Company has no obligations to undertake any rehabilitation or restoration activity on the licences currently held.

Joint Venture agreement with Extract Resources Ltd

An agreement has been signed with Extract Resources Ltd ('Extract') relating to their respective wholly-owned subsidiaries, Extract Resources (Namibia) (Proprietary) Ltd ('Extract Namibia'), NRR Energy Minerals Limited ('NRR Energy') and WAGE.

Under the Agreement, subject to the satisfaction of certain conditions, NRR Energy will subscribe US\$800,000, so that each of Extract and NRR Energy will hold a 50% interest in Extract Namibia. The principal assets of Extract Namibia are EPL 3327 and EPL 3328, pursuant to which Extract Namibia has the rights to explore for nuclear fuel minerals. Located west and north respectively of the historic tin mining centre of Uis in western Namibia, previous exploration activity, undertaken by Extract Namibia, has shown that these licences have the potential to host secondary uranium deposits associated with palaeodrainages of the Orawab and Ugab ephemeral river systems. The Subscription Funds will be used by Extract Namibia to expedite further uranium exploration on these licences.

The Agreement also allows for the formation of a 50/50 unincorporated joint venture between WAGE and Extract in relation to the nuclear fuel rights (if granted) in respect of EPL 3139. WAGE is the sole legal holder of EPL 3139 in Namibia and has applied for the rights to explore for nuclear fuel minerals in respect of this licence. The nuclear fuel rights for EPL 3139 have yet to be granted. Subject to the terms of the Agreement, WAGE and Extract have agreed that if WAGE is granted the nuclear fuel rights for EPL 3139, and subject to obtaining any necessary approvals and consents required for the transaction under the Namibian Minerals Act, WAGE and Extract will form an unincorporated 50/50 joint venture in respect of these nuclear fuel rights ('Joint Venture'). Once the Joint Venture is formed, WAGE is obligated to fund the first US\$500,000 exploration for nuclear fuels in relation to EPL 3139 activities.

Existing Exploration Licences in Namibia

The Group has a number of exploration licences in Namibia. There is a commitment to spend £3,780,000 on these licences through 2011 and into 2014. There is scope in the Mines and Minerals Act for expenditure to be altered by the Company and still keep the licences in good standing. The commitments are based on a positive outcome for all stages of work within the period of tenure of each licence. It should also be noted that if the project has negative results in the first 6 months of the licence tenure - then the project can be terminated without further expenditure.

Existing Exploration Licences in Mozambique

The Group has a number of exploration licences in Mozambique. Under Joint Venture agreements our Joint Venture partners are committed to cover the cost of exploration for the foreseeable future.

12. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

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