

21 February 2017

**North River Resources plc**  
("North River" or the "Company")

**Cancellation from trading on AIM and Notice of GM**

North River Resources plc today announces a proposal to cancel the admission of the Company's ordinary shares to trading on AIM in accordance with Rule 41 of the AIM Rules for Companies ("Cancellation").

A circular including a Notice of General Meeting will today be posted to Shareholders (the "Circular") to convene the necessary general meeting of the Company (the "General Meeting") to approve the Cancellation. The General Meeting is to be held at the offices of Shakespeare Martineau LLP, 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR on 17 March 2017 at 10.30 a.m. (London time). A copy of the Circular and Notice of General Meeting will also be available to view shortly on the Company's website [www.northriverresources.com](http://www.northriverresources.com).

The Company has received irrevocable undertakings to vote in favour of the Cancellation resolution representing 77.09% of the votes entitled to vote at the General Meeting. Accordingly, it is anticipated that the Cancellation will be approved at the General Meeting.

An extract of selected parts of the Circular is copied out below along with an indicative timetable of principal events related to the Cancellation process. The definitions that apply throughout this announcement can be found at the end of this announcement.

**For further information please visit [www.northriverresources.com](http://www.northriverresources.com) or contact:**

James Beams	<b>North River Resources Plc</b>	Tel: +44 (0) 20 7025 7047
Andrew Emmott / Ritchie Balmer	<b>Strand Hanson Limited</b> <b>(Nominated Adviser)</b>	Tel: +44 (0) 20 7409 3494

*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.*

**Introduction**

The Board announces that it is seeking Shareholder approval for the cancellation of admission of its Ordinary Shares to trading on AIM. Implementation of the Cancellation is conditional on the Resolution being passed at a General Meeting to be held on 17 March 2017 at 10.30 a.m. A circular including a Notice of General Meeting containing the full text of the Resolution will today be posted to Shareholders. Subject to the Resolution being passed at the General Meeting, it is anticipated that the Cancellation will become effective at 7.00 a.m. on 27 March 2017.

The purpose of this announcement is to provide Shareholders with details of the Board's proposal and to advise Shareholders of a General Meeting at which the Resolution to approve the cancellation of the Company's Ordinary Shares from trading on AIM will be considered. This letter sets out the reasons why I and the rest of the Board, including the Independent Directors, consider the Cancellation to be in the best interests of the Company and its Shareholders as a whole and why the Independent Directors are therefore unanimously recommending that you vote in favour of the Resolution.

**1. Background to, and reasons for, the Cancellation**

## 1.1 *Principal Reasons for the Cancellation*

The Company is continuing to focus on advancing the Namib zinc-lead mining project in Namibia (“**Namib Project**” or “**Project**”). The successful development of the Project will depend on the grant of a mining licence, on terms which are economically viable and secure, favourable economics of the Project, 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 most 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 have been suspended, the London corporate office has been 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 has been 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) have conducted a review of the benefits and challenges of maintaining the Company's quotation on AIM. After careful consideration, the Independent Directors have concluded that it is no longer in the interests of the Company to continue to have its Ordinary Shares admitted to trading on AIM and, accordingly, that Cancellation is in the best interests of the Company and its Shareholders as a whole.

In reaching this conclusion, the Board has focused on the following key factors:

- Cash preservation:
  - The need to preserve cash by cutting costs to a minimum until the Company has clarity on the timeline for developing a licensed and financeable project, should it prove economical to develop the Namib Project. Regarding the outstanding mining licence, the Company received a Notice of Preparedness to Grant the Mining Licence from the Ministry of Mines and Energy on 28 January 2016. This was announced to shareholders on 1 February 2016. The Company submitted a proposal on meeting the terms and conditions for the grant of the licence, on 26 April 2016. The Ministry indicated again in late 2016 that it intends to issue the mining licence, subject to a further condition that the full terms and conditions of such licence are met within 6 months following grant of the licence. The Company has not yet agreed the detailed terms and conditions to 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.
  - Mining licence aside, in light of the limited trading in the Ordinary Shares, the tangible costs associated with maintaining the AIM quotation (such as legal, accounting, broking, London Stock Exchange and Nominated Adviser costs) are disproportionately high when compared with the benefits, and the Directors consider that these funds could be better utilised in extending the window of time for the Company to license and optimise a project for development.
  - The management time and legal and regulatory burden associated with maintaining the Company's admission to trading on AIM, and complying with the AIM Rules and related regulatory requirements (including reporting, disclosure and corporate governance requirements) is disproportionate to the benefits to the Company, in light of the continuing uncertainty regarding the Namib Project, and Cancellation would allow the Company to substantially eliminate the UK corporate level of executive management and overhead and streamline management of the Project in-country in Namibia.
- Depressed share price and restricted share liquidity:

- There has been very limited advantage to the Company having its shares admitted to trading on AIM for capital raising purposes in recent years, evidenced by the very limited funding raised from the existing shareholder base, excluding Greenstone, or new investors.
- The extended period since announcement of the Definitive Feasibility Study in November 2014, without being able to define a timeframe and pathway to developing the Project, has contributed to the depressed share price and consequently reduced benefits to the Company and its shareholders of an AIM quotation.
- The Company, like a number of other AIM quoted companies of its size, has a tightly held register of Shareholders and suffers from a lack of liquidity for its Ordinary Shares. Greenstone now holds 75.69 per cent. of the existing Ordinary Shares following its support of the two fundraisings undertaken by the Company in 2015 and 2016 and in the absence of significant investment by other shareholders or new investors. In practical terms, this has resulted in a small free float and very low trading volumes, which the Board believes further reduces the demand for the Ordinary Shares.
- Project profile:
  - The results of the recent drilling campaign have highlighted the challenges associated with growing the Namib mineral resource before getting into and developing the underground mine during construction and thereafter when in operation. Debt and equity financing will therefore need to be raised for an initial project that is supported by the current JORC-defined resources. The Board is reviewing the appropriate project profile and related funding strategy with this in mind.
- Financing:
  - The Company will need additional financing if the mining licence is received and a decision to build the mine is taken. The Company may also need additional financing for working capital purposes if the award of the mining licence is delayed further.
  - The Board, having considered in detail a broad range of options, believes the likelihood of raising further funds, on acceptable terms, whilst remaining on AIM, to be very low. However, as a private company, the Board believes its options would be much wider and not constricted by reference to the Company's low and illiquid share price.
  - It is the Board's belief that it is unlikely that the Company will be able to raise significant funding through a new share issue to Shareholders other than Greenstone (where there is no guarantee either of support) and therefore the lack of Ordinary Shares in public hands and low volumes can be expected to continue.
  - The depressed share price is also not a positive platform from which to explore corporate opportunities to unlock value for shareholders or grow the Company.

The Board believes that strategic investor appetite in the Namib Project in the current economic environment will not be undermined by a cancellation of admission of the Company's Ordinary Shares to trading on AIM.

Finally, the Board believes that both the Shareholders and the Namibian government wish to see the Project succeed. It is in both parties' interests to avoid unnecessary costs in order to optimise use of existing cash resources in seeking to define a licenced and economically attractive Project. The Cancellation is believed to be in all parties' interests in maximising the likelihood of successfully achieving this aim.

Accordingly, the Independent Directors strongly believe that it is no longer in the best interests of the Company or its Shareholders as a whole for the Company to retain its AIM admission.

### **1.2 Effect of Cancellation**

The principal effects of Cancellation will be:

- Once the Cancellation has taken place, there will no longer be a formal market mechanism for Shareholders to trade in the Ordinary Shares and no price will be publicly quoted for the Ordinary Shares. The Company is however proposing to set up a facility to provide Shareholders with a platform to buy and sell their Ordinary Shares 'off market' although this will be more difficult than trading 'on market'. The only other opportunity for Shareholders to sell their Ordinary Shares would arise upon a sale of all of the issued share capital of the Company to a third party. It may therefore be more difficult for Shareholders to realise value from their Ordinary Shares than when the Company had its Ordinary Shares admitted to trading on AIM admission and, where a buyer is identified, it will be difficult to place a fair value on any such sale.
- It is possible that, following publication of this announcement, the liquidity and marketability of the Ordinary Shares may be significantly reduced and the value of such shares may be consequently adversely affected.
- Following Cancellation, the AIM Rules will no longer apply to the Company and levels of corporate governance and transparency will no longer be dictated by those rules. However, the Company intends to continue to have a majority of independent directors on the Board, including an independent Chairman.
- Shareholders will no longer be afforded the protections given by the AIM Rules, such as the requirement to be notified of certain events, including substantial transactions, financing transactions, related party transactions and fundamental changes in the Company's business, including certain acquisitions and disposals.
- The Company will cease to have an independent financial and nominated adviser, and broker.
- As an unlisted company, the Company will be subject to less stringent accounting disclosure requirements.

The Company will:

- Remain a public company and subject to the City Code, and Shareholders will benefit from those provisions including in the case of an offer for all of the shares of the Company whereby all shareholders will need to be treated equally. Shareholders will also continue to benefit from the relevant provisions of the Act.
- Continue to provide operational updates when the Company deems it to be appropriate.
- Continue to publish its annual results.

### **1.3 Cancellation Process**

Rule 41 of the AIM Rules requires an AIM company that wishes to cancel admission of its securities to trading on AIM to notify such intended cancellation to Shareholders and separately to inform the London Stock Exchange of its preferred cancellation date. Rule 41 also requires that, unless the London Stock Exchange otherwise agrees, the Cancellation must be conditional upon the consent of not less than 75 per cent. of votes cast by the Shareholders, given in a general meeting.

Subject to the Resolution approving the Cancellation being passed by the requisite majority at the General Meeting, it is anticipated that trading in the Ordinary Shares on AIM will cease at close of business on 24 March 2017, with Cancellation taking effect at 7.00 a.m. on 27 March 2017.

Upon the Cancellation becoming effective Strand Hanson will resign as nominated adviser to the Company and the Company will no longer be required to comply with the AIM Rules.

### **1.4 Ordinary Share dealing following Cancellation**

Following Cancellation, the Company intends to appoint Asset Match to facilitate trading in the Ordinary Shares of the Company. Asset Match, a firm authorised and regulated by the Financial

Conduct Authority, will operate an electronic off-market dealing facility for the Ordinary Shares. This facility will allow Shareholders to trade their Ordinary Shares on a matched bargain and 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 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).

## **2. Greenstone Resources LP**

Greenstone (which holds beneficially approximately 75.69 per cent of the current Ordinary Shares in issue) has indicated that it is supportive of the Cancellation. The Relationship Agreement provides that Greenstone may not use its voting rights to vote on a resolution to cancel trading without the approval of a majority of independent directors, save where it has made a general offer to all the other Shareholders under the City Code. All Independent Directors are supportive of the proposed Cancellation

Greenstone has indicated that it has no current intention of making an offer to acquire the remainder of the Ordinary Shares held by the other Shareholders.

Greenstone has provided the Company with an irrevocable undertaking to vote in favour of the Resolution to be proposed at the General Meeting in respect of the beneficial holdings totalling 19,975,501 Ordinary Shares, representing approximately 75.69 per cent. of the Ordinary Shares in issue conditional on the continued recommendation of the Independent Directors.

## **3. Strategy following the Cancellation**

Following completion of the Cancellation, the Board intends to take the following next steps to reduce Company's running costs:

- Restructure the Board and bringing in technical support as required on a consultancy basis.
- Move the role of chief executive officer to a Namibia-based role to directly oversee the Project and manage all key stakeholder relations in Namibia.
- With no operating office in the United Kingdom, further reduce the Company's remaining corporate overheads.

The UK registered company address will remain unchanged, and the Company website will be maintained as a means of keeping Shareholders informed of progress.

## **4. Recommendation**

The Independent Directors consider that Cancellation and approval of the Resolution is in the best interests of the Company and its members as a whole. The Independent Directors therefore unanimously recommend that you vote in favour of the Resolution as, where relevant, they intend to do in respect of their own beneficial shareholdings of 368,585 Ordinary Shares in aggregate (representing approximately 1.4 per cent. of the Ordinary Shares in issue).

**The Company has received irrevocable undertakings to vote in favour of the Resolution representing 77.09% of the votes entitled to vote at the General Meeting. Accordingly, it is anticipated that the Resolution will be approved at the General Meeting.**

**Both Greenstone, beneficially holding 75.69 per cent. of the Ordinary Shares in issue, and the Independent Directors holding approximately 1.40 per cent. of the shares in the Company, have irrevocably undertaken to vote or procure the voting in favour of the Resolution.**

## DEFINITIONS

The following definitions apply throughout this announcement and the Form of Proxy that accompanies the Circular unless the context requires otherwise:

<b>Act</b>	the Companies Act 2006
<b>AIM</b>	the AIM Market operated by the London Stock Exchange plc
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange as amended from time to time
<b>Board or Directors</b>	the directors of the Company
<b>Cancellation</b>	the proposed cancellation of admission of the Ordinary Shares to trading on AIM
<b>Circular</b>	the circular to Shareholders to be posted along with the Notice of General Meeting
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>Company</b>	North River Resources plc
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear Ireland is the operator (as defined in the CREST Regulations)
<b>CREST Manual</b>	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CREST Operations Manual and the CREST Glossary of Terms, each as amended from time to time
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Form of Proxy</b>	the form of proxy for use by Shareholders at the General Meeting which accompanies the Circular
<b>General Meeting or GM</b>	the General Meeting of the Company convened for 10.30 a.m. on 17 March 2017, pursuant to the Notice of General Meeting
<b>Greenstone</b>	Greenstone Resources LP (No. 1911) a limited partnership registered in Guernsey and whose registered office is at 1 <sup>st</sup> Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, G71 3JX, Channel Islands
<b>Group</b>	the Company and its subsidiaries and subsidiary undertakings from time to time
<b>Independent Directors</b>	the Directors other than Mark Sawyer
<b>London Stock Exchange</b>	the London Stock Exchange plc

<b>Nominated Adviser</b>	Strand Hanson Limited
<b>Notice or Notice of GM or Notice of General Meeting</b>	Notice of the General Meeting set out at the end of the Circular
<b>Ordinary Shares</b>	ordinary shares of 0.2p each in the capital of the Company
<b>Registrar</b>	Capita Asset Services
<b>Regulatory Information Service</b>	a primary information provider service approved by the Financial Conduct Authority to disseminate regulated information to the market
<b>Relationship Agreement</b>	the relationship agreement entered into between the Company and Greenstone on 28 June 2016
<b>Resolution</b>	the resolution to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>Shareholders</b>	holders of Ordinary Shares
<b>Uncertificated or in uncertificated form</b>	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Notice provided to the London Stock Exchange to notify it of the proposed Cancellation	21 February 2017
Circular and Form of Proxy posted to Shareholders	21 February 2017
Latest time and date for receipt of completed Forms of Proxy to be valid for the General Meeting of the Company	10.30 a.m. on 15 March 2017
Date and time of the General Meeting	10.30 a.m. on 17 March 2017
Expected last day for dealings in the Ordinary Shares on AIM*	24 March 2017
Cancellation of admission of the Ordinary Shares to trading on AIM*	7.00 a.m. on 27 March 2017

Notes:

\*Assumes that the Resolution to approve the Cancellation is passed by the appropriate majority at the General Meeting.

Dates set out against events that are expected to occur after the date of the General Meeting assume that the General Meeting is not adjourned and that the Resolution is passed at the General Meeting.

Each of the times and dates above is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

References to time in this announcement relate to London time unless otherwise stated.