Registration number 5875525 (England and Wales)

NORTH RIVER RESOURCES PLC

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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DIRECTORS, SECRETARY AND ADVISORS

DIRECTORS:	Zuyuan He (*Non–Executive Chairman*) Martin French (*Executive Director*) Brett Richards (*Non–Executive Director*) Mark Thompson (*Non–Executive Director*) Ms. Qi Yu (*Non–Executive Director*) Zhiping Yu (*Non–Executive Director*)
SECRETARY:	John Bottomley
COUNTRY OF INCORPORATION:	England and Wales
REGISTERED NUMBER:	5875525
REGISTERED OFFICE:	One America Square Crosswall London, EC3N 2SG
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JOINT BROKER:	VSA Capital Limited New Liverpool House 15-17 Eldon Street London, EC2M 7LD

MANAGING DIRECTOR'S STATEMENT

2013 was a year of significant development in your Company, with the focus remaining on progressing our flagship Namib Lead-Zinc-Silver Mine ('Namib') towards production. In line with this, North River has made numerous important advances which have enhanced the tangible value of Namib, including a significant resource update and the commencement of a Feasibility Study, which is now approaching completion. These operational objectives have been supported by three successful funding rounds, completed during a difficult market for junior mining companies, which have driven our exploration and development programme forward and strengthened our shareholder register.

Operational Review

In June 2013 the Company decided to execute a "proof of concept" programme designed to give increased confidence of deep ore, under the historic mine workings and existing resource, at Namib. This comprised a down-hole electromagnetic (DHEM) survey at the mine site, a technique employed to provide a better picture of the presence and approximate location of lead/zinc mineralisation underground.

The Company conducted DHEM surveys on three new holes together with four existing deep holes drilled in 2007. The survey provided numerous responses around the surveyed holes to their maximum depth of around 300m. The historic drill intercepts provide evidence that the Southern ore body is also broader than the DHEM modelling implies. Further conductive responses from the probe were shown building at the bottom of the survey holes. The modelled plates indicate conductive materials to a depth of approximately 700m below surface.

The DHEM survey conducted on two holes, NLDD004 and NLRCDD001, was designed to test the extension of the Junction ore body. Multiple conductive responses from NLDD004 are consistent with underground drilling and mineralised intercepts obtained in 2011. The new hole, NLRCDD001, intercepted 42cm of mineralisation with 7.8% zinc, 0.08% lead, 7ppm silver and 10.3ppm indium at 382m below surface. While the intercept was narrow, it is significant as it is the deepest mineralisation yet discovered at Namib. To that end, conductive responses from the probe around the same depth indicate that this was probably a "near miss" of a larger conductor.

An additional hole, NLRC109 was drilled on a gossan along strike of the Northern ore bodies. This represents the first drilled target of North River's exploration programme for near-mine and regional targets. The hole was drilled to 200m and intersected 3m of sulphides, mainly pyrrhotite at 112m below surface with lower grades of zinc and lead. Previous drilling on the gossan intersected numerous zinc intervals, and there is an ore model in place above the recent intersection. Generally, there were indications that grades can be variable on this gossan.

Following the analysis of these results, the Board was satisfied that this initial programme provided further confidence of deep ore at Namib. It was subsequently decided that additional work should be conducted with the objective of enhancing the Resource estimate at Namib. In October 2013 resource drilling at Namib commenced which culminated in a substantial Resource upgrade in December 2013. The upgraded JORC compliant Resource estimated a 129% increase in overall resource to 1,527,000 tonnes with a significant increase in fresh ore Resource to 917,000 tonnes, and an upgrade in classification category. In addition, a maiden Resource was identified on the tailings dump of 610,000 tonnes @ 2.1% zinc. The resultant in-situ metal inventory is set out in Table 1.1.

Table 1.1

Fresh Ore

		Tonnes and Grade at 1% Pb + Zn Cut-off Grade			
Classification	*Area*	*Tonnes**	*Pb %*	*Zn %*	*Ag g/t*
Indicated	Northern lodes	529,000	2.8	5.4	48.2
	South historic Mine	130,000	1.9	4.3	41.6
Inferred	Northern lodes	251,000	1.8	7.2	38.9
	South historic Mine	7,000	2.1	3.5	52.6
Total		917,000	2.4	5.7	44.8

Tailings

		Tonnes and Grade at 0% Pb + Zn Cut-off Grade			
Classification	*Area*	*Tonnes**	*Pb %*	*Zn %*	*Ag g/t*
Measured	Tailings	260,000	0.3	2.2	7.5
Indicated		350,000	0.3	2.1	7.7
Total		610,000	0.3	2.1	7.6

* *Tonnages have been rounded to the nearest 1,000 tonnes to reflect an estimate*

In January this year we signed an innovative "drill-for-equity" agreement with Wilhelm Shali, our principal contractor. Shali, as he prefers to be known, is a prominent businessman in Namibia and is very well connected within the Namibian establishment. Under the agreement the £175,000 worth of drilling and mining contracts will be paid for in equity at the equivalent of £0.06 per share. We welcome Shali as a local partner.

The Company has made good progress in the permitting process for Namib. In January 2014, the Company submitted Environmental Impact Assessment ('EIA') and Environmental Management Plan ('EMP') to the Namibian Ministry of Environment and Tourism, for Namib. The report is the culmination of almost two years of an independent and comprehensive investigation into the environmental effects of re-opening Namib, which was previously operational from 1965-1992.

In addition, public and private consultations were held with Interested and Affected Parties (the 'IAPs'), which included local residents, businesses, the local council, government departments representing service providers, TransNamib (rail), Namwater (national water authority), Nampower (national power authority), Namport (Walvis Bay port authority), and Directorate of Parks. All of the issues and concerns raised by the IAPs have been assessed in the EIA and EMP and all significant impacts have been mitigated.

The Company was pleased to report that on 17 April 2014, it submitted an application for a Mining Licence for Namib with the Ministry of Mines and Energy in Namibia. The Company has also applied for a renewal of the EPL 2902, in which the mine is located and which contains a number of near mine exploration targets integral to the longevity and overall financial performance of the project (see Notes 1.2 and 5 for further details).

A major theme during 2013, and into 2014, has been the commencement and advancement of the Namib Feasibility Study. Two consultants were engaged for this work, Tenova, for work primarily related to the design of the processing plant, and Snowden Mining Industry Consultants, primarily for work relating to resource expansion, mine design and associated services. We had hoped to complete the study in March 2014 but it became delayed due to on-going lock-cycle metallurgical testing of the fresh ore. In the meantime we are continuing to perform value optimisation on the various studies and we currently anticipate the study to be completed in the coming months. We will keep shareholders informed of future developments.

North River retains an interest in a number of other exploration licences, including some potentially commercial copper resources, in Namibia. There will be some renewed focus on these during the year.

Corporate Overview

We boosted our market presence with the appointment of VSA Capital Plc, a specialist investment bank providing corporate finance and corporate broking services to companies operating in the natural resources sector, as joint broker in August 2013. VSA Capital was mandated to work alongside Ocean Equities, a long-time and supportive broker for North River. Ocean Equities recently changed its name to Pareto Securities after it acquired a significant strategic equity partner. Together, I believe that Pareto Securities and VSA Capital form a highly complementary team with the ability to further raise North River's profile in the investment community.

The Company also welcomed three new directors to its Board during 2013, further strengthening the Company's operational and corporate acumen at this important juncture in North River's development.

In January 2013 the Company appointed Brett Richards as a Non-Executive Director. Mr Richards, who has a degree in engineering, began his career at Co-Steel Inc. in 1985 where he worked for 16 years in several operating and executive positions. He has since worked for a number of mining companies including Katanga Mining and Kinross Gold. Most recently he was the Chief Executive Officer of Avocet Mining plc where he also served on the board. He is currently Chief Executive of BSG Resources.

Also in January 2013, the Company welcomed Qi Yu as a Non-Executive Director. Qi (pronounced "Chi") is a Chinese Certified Public Accountant and worked at a senior level in the accounting industry in China for 15 years before relocating to the UK. She is currently the Chief Operating Officer of Kalahari Minerals, which holds an interest in Extract Resources. Both Kalahari and Extract Resources were previously listed (on AIM and the ASX respectively) and were taken private when acquired by Taurus Minerals Limited ("Taurus"). As discussed later in my statement, our relationship with Taurus precipitated Board representation by associated nominated directors, and we have welcomed Qi's significant industry and commercial expertise through this affiliation.

Finally, in September 2013 I was delighted to introduce Mark Thompson to the Board as an independent Non-Executive Director. Mark is the former Chief Investment Officer and co-founder of Galena Asset Management Ltd, the fund management arm of Trafigura Beheer b.v., and latterly a partner at Apollo Management, one of the world's largest alternative asset managers. Mark has managed in excess of $750m, across four separate funds, all of which were focused on natural resources. Mark has extensive experience in raising capital for natural resource companies, portfolio management, commodity derivatives trading and personal investment in the natural resources sector. He is executive Chairman of Treliver Minerals Ltd and possesses a number of directorships in private companies engaged in mineral exploration.

As the Company transitions into a development company it has also been bolstering its ranks with the adddition of key consultants including Dominic Claridge, Donald McAlister, Aidan Bailey and Andrew Little. Dominic Claridge was previously Group Executive of Project Development for Weatherly International, where he managed mining studies on three projects in Namibia, notably Berg Akas, another brownfield lead, zinc, and silver mine. Prior to this he was Chief Operating Officer of AIM listed Griffin Mining Limited. Donald McAlister was previously Finance Director of Mwana Africa plc and has considerable experience in raising and structuring development finance. Aidan Bailey was previously a finance consultant at Shanta Gold plc and has a wealth of financial management experience. Andrew Little has over 20 years experience in mining project design, development, construction and management.

Financial Overview

The Group reduced its loss before taxation to £2,195,891 (2012: loss of £2,816,853). Due to the Group's heightened focus on Namib, its expenditure on its additional assets has been substantially reduced, and the

Group focussed primarily on the Feasibility Study at Namib during the period. The Group has worked hard to minimise administrative overhead.

Share placings during the year raised gross proceeds of £1,800,000. The Group’s cash position as at 31 December 2013 was £577,551. Post period end, the Group’s cash treasury was further supported through two placings which raised a total of £1,225,000. These funds will be utilised for further development work at Namib in additional to general working capital purposes.

Taurus, a 60:40 joint venture company between the China Guangdong Nuclear Power Holding Corp (CGNPC) and the China-Africa Development Fund (CADF), was formed to develop the large Husab open pit uranium mine which is located not far from Namib. When Taurus acquired Kalahari Minerals in 2012, it also acquired a 38% stake in North River. As part of the transaction, Taurus also acquired rights to a Relationship Agreement with North River, which gave it the right to appoint three directors including Chairmanship with a casting vote. This gave Taurus effective Board control of North River. However, the Relationship Agreement only remained in effect whilst Taurus owned 20% or more of North River. Taurus has been largely a passive shareholder and did not request to participate in any of the new share issues approved by the Board. Consequently Taurus’s equity share of North River has been steadily diluted and now stands at 19.7%. As a consequence the Relationship Agreement has now been permanently terminated.

Outlook

The remainder of 2014 will be marked with further newsflow relating to our primary focus, advancing Namib back into production. Most notably, our Feasibility Study is expected for publication in the coming months and I am confident that this will highlight the commercial value of driving progress forward at Namib. As a low-cost project, benefitting from proximal major transport infrastructure, power and water connections, I am confident that our proposition will continue to galvanise support in the investment community, as witnessed by the recent successful share placings.

I would like to take this opportunity to thank our shareholders for their continued support and I look forward to the future at Namib as we move through the gears towards commercial production in the near term.

Martin French
Managing Director

30 May 2014

The Directors of the Company and its subsidiary undertakings (which together comprise 'the Group') present their Strategic Report for the year ended 31 December 2013.

The Strategic Report is a new statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the Company.

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 for and development of mineral resources. The Group's activities are focussed in Africa and its main project, Namib Lead Zinc is located in Namibia.

The Namib lead/zinc deposit has been mined successfully in the past and the Group is close to completing a feasibility study into the restart of commercial mining operations. On completion of the feasibility study the Group will focus on raising funding and redeveloping the mine. The objective is to restore Namib to a profitable and cash generative operation which will fund the Group's exploration and expansion plans.

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

FINANCIAL RESULTS

During the year, the Company invested considerably in its Namibian portfolio. In light of this, the Group is reporting a loss of £2,195,891 (2012: £2,816,853) for the year ended 31 December 2013. This loss is in line with the Directors' expectations and includes exploration and administrative expenditure of £2,203,184 (2012: £2,538,584) with the exploration and evaluation costs being £1,235,192 (2012: £1,466,767).

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

Cash balances at the year-end were at £577,551 (2012: £858,677).

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. Exploration in Mozambique is carried out through a local subsidiary North River Resources (Murrapula) Limitada.

The Board of Directors comprises two independent Non-executive Directors, the Managing Director and three Directors appointed by Taurus Minerals Limited. Their profiles are provided on page 16.

The Group is run on a very low cost base in order to maximise the amount that can be spent on exploration and development as this is where value can be added. The Company's only full time employee is the

Managing Director, Martin French, who works with and oversees a range of carefully selected and experienced consultants and contractors as and when required.

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 is 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 economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

Resource Risk

All mineral deposits have risk 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 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.

Renewal of 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 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 have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries have enhanced risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

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 18 to the financial statements.

Internal Controls & 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 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

Martin French
Managing Director

30 May 2014

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 2013.

The Company is registered in England and Wales, having been incorporated on 13 July 2006 under the Companies Act with registration number 5875525 as a public company limited by shares.

The Company was first admitted to trading on the AIM Market of the London Stock Exchange plc on 27 December 2006.

Directors

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

Martin French	
Zuyuan He	
Zhiping Yu	
Brett Richards	Appointed 15.01.2013
Ms. Qi Yu	Appointed 25.01.2013
Mark Thompson	Appointed 19.09.2013

Directors' interests

The beneficial and non-beneficial interests in the Company's shares and share options of the current Directors and their families, as at 31 December 2013 are as follows:

Directors	*Ordinary shares 31 December 2013*	*Ordinary shares 31 December 2012*	*Share options 31 December 2013*	*Share options 31 December 2012*	*Notes*
Martin French	90,261,919	16,000,000	10,500,000	11,000,000	1
Brett Richards	22,619,047	–	–	–	
Mark Thompson	28,571,429	–	–	–	

Note:

1. The shares are held by Morstan Nominees Limited and the share options are held directly by the Director.

Martin French's interest in share options are as follows:

Grant date	*Expiry date*	*Exercise price*	*Share options 31 December 2013*	*Share options 31 December 2012*
24 September 2009	30 June 2014	£0.05	10,000,000	10,000,000
3 February 2010	1 February 2013	£0.075	–	250,000
3 February 2010	1 February 2013	£0.075	–	250,000
3 February 2010	1 February 2015	£0.10	250,000	250,000
3 February 2010	1 February 2015	£0.10	250,000	250,000
			10,500,000	11,000,000

During the year the following changes in the Directors' shareholdings have taken place:

On 26 April 2013 Martin French and Brett Richards participated in a placing of 285,714,300 new Ordinary Shares of £0.002 each, subscribing for 64,928,586, and 14,285,714 new Ordinary Shares respectively.

On 23 September 2013 Martin French and Brett Richards participated in a placing of 133,333,332 new Ordinary Shares of £0.002 each, both subscribing for 8,333,333 new Ordinary Shares.

On 2 October 2013 Martin French purchased 1,000,000 Ordinary Shares in the Company at a price of 0.63 pence per Ordinary Share.

Directors' remuneration and service contracts

Directors' remuneration for the year to 31 December 2013 is set out below:

Directors'	*Directors salary Year to 31 December 2013* £	*Directors' fee Year to 31 December 2013* £	*Employers' NI Year to 31 December 2013* £	*Total Year to 31 December 2013* £	*Fees, salaries and termination payments Year ended 31 December 2012* £	*Notes*
Martin French	87,500	48,000	11,456	146,956	58,732	1, 3
Zuyuan He	–	52,933	–	52,933	–	2, 3
Zhiping Yu	–	26,467	–	26,467	–	2, 3
Ms. Qi Yu	–	22,387	–	22,387	–	2, 3
Brett Richards	–	23,097	–	23,097	–	2, 3
Mark Thompson	–	6,800	–	6,800	–	2, 3
Mark Hohnen	–	–	–	–	21,066	4
David Steinepreis	–	–	–	–	111,738	5
Glyn Tonge	–	–	–	–	34,534	6
Total	87,500	179,684	11,456	278,640	226,070	

Notes:

1 Martin French was appointed Managing Director on 20 May 2013 and is paid an annual salary of £125,000. He also received a Director's fee of £48,000 per annum.

2 No agreements have been entered into with Zuyuan He, Zhiping Yu, Qi Yu, Brett Richards and Mark Thompson for the provision of their services.

3 Director's fees were not paid from 1 November 2013 onwards but have been accrued in the year.

4 Mark Hohnen was a non-executive director for a fee of £48,000 per annum. Mark Hohnen resigned on 8 June 2012.

5 David Steinepreis was paid a gross salary of £85,500 in 2012 for work undertaken by him in the corporate management of the Company. David Steinepreis resigned on 29 December 2012.

6 Glyn Tonge was a non-executive director for a fee of £24,000 per annum. Glyne Tonge resigned on 8 June 2012.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Substantial shareholders

In accordance with Chapter 5 of the FCA Disclosure and Transparency Rules, the Company has been notified that as at 20 May 2014 the following interests of 3% or more existed in its Ordinary share capital:

	Number of Ordinary shares	*%*
Kalahari Gold Limited(Note 1)	245,000,000	18.13
Morstan Nominees Limited(Note 2)	90,261,918	6.68
W B Nominees Limited	76,378,999	5.65
Hargreaves Lansdown (Nominees) Limited	74,075,154	5.48
TD Direct Investing Nominees (Europe) Limited	67,469,266	4.99
Barclayshare Nominees Limited	59,038,724	4.37
Investor Nominees Limited	55,635,430	4.12
HSBC Global Custody Nominee (UK) Limited	50,000,000	3.70

Notes:

1. Taurus Minerals Limited, a company formed at the direction of CGNPC Uranium Resources Co Ltd and the China-Africa Development Fund, acquired the shareholdings of both Kalahari Gold Limited and Kalahari Diamonds Limited, as a result of their acquisition of Kalahari Minerals on 28 February 2012. Taurus had a total shareholding of 19.73% as at 20 May 2014.
2. Martin French is the beneficial owner of these shares.

Subsequent events

On 20 January 2014 the Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") was submitted to the Namibian Ministry of Environment and Tourism, for its Namib Lead-Zinc Project.

On 29 January 2014 the Company entered into a drill-for-equity agreement with Mr Wilhelm Shali, the owner of the drilling and mining contractor operating at the Company's flagship Namib Lead-Zinc Project in Namibia. The agreement has initially been established to cover the first £175,000 worth of invoicing for drilling activities. 29,166,667 new Ordinary Shares of £0.002 each were issued at an equivalent of 0.6 pence each.

The Company raised gross proceeds of £1,025,000 through a placing of 170,833,333 new Ordinary Shares of £0.002 each on 29 January 2014 through its brokers, Pareto Securities, at a price of 0.6 pence per Ordinary Share.

The Company also raised gross proceeds of £200,000 through a placing of 30,769,232 new Ordinary Shares of £0.002 each on 21 March 2014, at a price of 0.65 pence per Ordinary Share.

The net proceeds of the placings will be applied towards the completion of the Definitive Feasibility Study on the Company's Namib Lead-Zinc Project and for general working capital purposes.

The Company has no Ordinary Shares held in treasury. The total number of voting rights in the Company following these placings and the drill-for-equity agreement is 1,351,016,864.

The Mining Licence for the Namib Lead Zinc Silver mine was submitted in April 2014 and all renewals for EPLs, that have not been relinquished, have been submitted. The Group is currently awaiting confirmation of the EPLs renewals and whether the Mining Licence has been granted.

These events are discussed in more detail in the Managing Director's Statement.

Going concern

During the year ended 31 December 2013 the Group made a loss of £2,195,891 (2012: a loss of £2,816,853). At the year end date the Group had net assets of £8,473,236 (2012: net assets of £9,067,468) of which £577,551 (2012: £858,677) 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 raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects.

The Company successfully raised, via two private share placings, £1.225 million of working capital subsequent to the year end in January and March 2014. These funds are being used to meet day-to-day expenditure on the Namib project. The Group had a cash balance of £802,500 at 30 April 2014.

As set out in Note 23, the Group has exploration commitments of £1.86 million for its Namibian licences through 2014 and into 2015. 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 5, applications for the Namib Lead Mining Licence and the renewal of several exploration 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 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 confirmations will be received within the normal time duration for these applications.

The Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities 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 required funds will be raised within the necessary timeframe or 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.

Internal controls

The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate course of action to manage these risks.

Audit committee

The Audit Committee meets to discuss the half yearly and annual results. For the annual results, the independent auditors, UHY Hacker Young LLP, are invited to discuss the results and their assessment of internal controls. The Chairman of the Audit Committee is Zuyuan He and the other participating member of the Committee during the year was Martin French.

Remuneration committee

The Remuneration Committee meets on an "as required" basis and met once during the year. The Chairman of the Remuneration Committee is Zuyuan He and the other participating member during the year was Martin French.

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 fix their remuneration will be put to the Annual General Meeting.

By order of the Board

Martin French
Managing Director

30 May 2014

Martin Stephen French *(Managing Director) (Age 52)*

Martin joined the Board in December 2008 and was appointed Managing Director on 20 May 2013. He started his career at Merrill Lynch and has 25 years' experience in international capital markets and the junior resource sector. He was a journalist at Euromoney magazine and the launch editor of Euroweek and later Asiamoney magazine in Hong Kong. In 1991 he joined and later became a partner of Credit Lyonnais Securities Asia (CLSA) for eight years, running their operations in Thailand, Malaysia/Singapore, then Chinese Corporate Finance and launching CLSA's business in Latin America. Martin has built a career in start-up operations and raising funds.

Zuyuan He *(Non-Executive Chairman) (Age 49)*

Zuyuan has over 21 years of experience in uranium exploration and financial management and is Deputy General Manager of CGNPC-URC. He is also currently a Director of the following companies: Taurus; Kalahari; Beijing Sino-Kaz Uranium Resources Investment Company Limited; China Uranium Development Company Limited; CGN Mining Company Limited; Energy Metals Limited; and 'Semizbay-U' LLP. Previously, Zuyuan has also held the following positions: Finance Controller and Manager of the department of capital operation of Beijing Changxin state-owned assets investment and operation Company; Manager of the financial and planning department at CGNPC-URC; and Chief Financial Officer of CGNPC-URC. He has not held any other directorships in the past five years.

Brett Allan Richards *(Non-Executive Director) (Age 49)*

Brett is an entrepreneurial mining and metals executive with a unique background in mine development and senior level operations experience. He brings publicly listed CEO experience in the mining sector, as well as business development, mine financing and operational experience in Africa to North River Resources. Brett has led greenfield/brownfield start-ups, turnarounds and mergers/acquisitions, and has world-wide business experience in 4 continents, and over 20 countries. Currently advising BSG as the CEO of BSG Resources, and formerly the CEO of Avocet Mining plc (LSE & AIM), Brett has held executive management positions at a variety of publicly traded companies – Katanga Mining Limited (TSX:KAT), Kinross Gold (TSX:K) and Co-Steel Inc. (TSX:CEI), prior to its acquisition by Gerdau SA in 2000. Mr. Richards has a degree in mechanical engineering and business and also sits on the board of directors of Octéa Limited and is the principal of Richards Enterprises Inc. (CI).

Mark Edward Thompson *(Non-Executive Director) (Age 41)*

Mark is the executive Chairman of Treliver Minerals Ltd, a UK company developing Tin mining projects in England and Germany. He is a non-executive Director of TSX-V listed Margaret Lake Diamonds Inc as well as holding a number of other directorships in private companies engaged in mineral exploration. He is a former Chief Investment Officer and co-founder of Galena Asset Management Ltd, the fund management arm of Trafigura Beheer b.v., and partner at Apollo Management, one of the world's largest alternative asset managers. Mark holds a masters degree in Physics from Oxford University.

Ms. Qi Yu *(Non-Executive Director) (Age 42)*

Qi is a Director of Kalahari Minerals Limited, which holds nearly a 20% interest in North River Resources, and a Director and CEO of Extract Resources Limited. She acts as a central point of contact between Extract's Chinese parent company, CGN, and its UK executives and has worked with CGN to provide audit and accounting training for almost 10 years. Qi is a member of the Chinese Institute of Certified Public Accountants and has significant business experience as a founding partner of one of China's top 14 audit and accounting firms, employing more than 750 staff in 17 offices across China. Qi's previous experience includes her role as Manager of Mainland and International Affairs for the Hong Kong CPA institute. She then moved to the UK in 2006 where she worked in corporate finance for many years at a top 20 UK accountancy firm. Qi, who speaks fluent English, joined Kalahari Minerals as COO in 2012, immediately following its acquisition.

Zhiping Yu *(Non-Executive Director) (Age 51)*

Zhiping has been General Manager of CGNPC-URC for the past two years. He is currently a Director of Taurus and Kalahari and is Chairman of the following companies: CGNPC Uranium (Xinjiang) Company Limited; CGNPC Uranium (Guandong) Company Limited; China Uranium Development Company Limited and CGN Mining Company Limited. Previously, Zhiping held the position of General Manager of the strategic planning department at China Guandong Nuclear Power Holding Company. He has not held any other directorships in the past five years.

We have audited the financial statements of North River Resources plc for the year ended 31 December 2013 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/apb/scope/private.cfm.

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 2013 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 £2.2 million during the year ended 31 December 2013 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 and explorations costs for the next year.

The Group is also in the process of applying for the Namib Lead Mining Licence and the renewal of several exploration licences where the Group operates and is awaiting confirmation of the renewals. 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.

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 LLP
Chartered Accountants and Statutory Auditor

30 May 2014

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	*2013* £	*2012* £
Continuing operations			
Revenue		–	–
Other operating income		126	11,249
Exploration & evaluation expenditure		(1,235,192)	(1,466,767)
Administrative expenses		(967,992)	(1,071,817)
GROUP OPERATING LOSS	3	(2,203,058)	(2,527,335)
Interest payable on short term borrowings		–	(7,346)
Interest received on bank deposits		7,167	52,387
Impairment of investment in joint venture	13	–	(354,767)
Reversal of prior year share of associate's loss	14	–	112,990
Impairment of goodwill	5	–	(92,782)
LOSS BEFORE TAX		(2,195,891)	(2,816,853)
Taxation	12	–	–
LOSS FOR THE YEAR		(2,195,891)	(2,816,853)
OTHER COMPREHENSIVE INCOME:			
Exchange differences on translating foreign operations		(143,018)	37,505
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,338,909)	(2,779,348)
Loss per share			
Basic and diluted – pence per share	4	(0.23p)	(0.40p)

The results for 2013 and 2012 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.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	*Group 31 December 2013 £*	*Company 31 December 2013 £*	*Group 31 December 2012 £*	*Company 31 December 2012 £*
ASSETS					
NON-CURRENT ASSETS					
Goodwill	5	7,738,986	–	7,738,986	–
Intangible assets	6	72,422	78,111	69,166	66,178
Plant and equipment	7	126,841	6,156	180,724	9,663
Amounts due from subsidiaries	8	–	13,173,886	–	12,206,822
Investment in joint venture	13	–	–	154,868	–
Investment in associated company	14	113,182	56,591	113,182	56,591
Investments in subsidiaries	15	–	472,991	–	472,991
		8,051,431	13,787,735	8,256,926	12,812,245
CURRENT ASSETS					
Trade and other receivables	8	157,534	30,783	325,695	83,317
Cash and cash equivalents	9	577,551	520,697	858,677	726,338
		735,085	551,480	1,184,372	809,655
TOTAL ASSETS		8,786,516	14,339,215	9,441,298	13,621,900
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	313,280	273,050	373,830	314,429
TOTAL LIABILITIES		313,280	273,050	373,830	314,429
NET ASSETS		8,473,236	14,066,165	9,067,468	13,307,471
EQUITY					
Share capital	11	2,240,495	2,240,495	1,402,400	1,402,400
Share premium	11	17,875,349	17,875,349	16,968,767	16,968,767
Share-based payments reserve		4,444,445	4,444,445	4,530,440	4,530,440
Translation reserve		(102,933)	–	40,085	–
Retained losses		(15,984,120)	(10,494,124)	(13,874,224)	(9,594,136)
TOTAL EQUITY		8,473,236	14,066,165	9,067,468	13,307,471

These financial statements were approved by the Board of Directors on 30 May 2014 and signed on its behalf by:

Martin French
Managing Director

Company Registration Number: 5875525

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	*Share premium* £	*Retained losses* £	*Share-based payment reserve* £	*Translation reserve* £	*Total equity* £
CONSOLIDATED						
At 1 January 2012	1,402,400	16,968,767	(11,057,371)	4,530,440	2,580	11,846,816
Loss for 2012	–	–	(2,816,853)	–	–	(2,816,853)
Other comprehensive income:						
Currency translation gains	–	–	–	–	37,505	37,505
Total comprehensive loss	–	–	(2,816,853)	–	37,505	(2,779,348)
At 31 December 2012	1,402,400	16,968,767	(13,874,224)	4,530,440	40,085	9,067,468
Loss for 2013	–	–	(2,195,891)	–	–	(2,195,891)
Other comprehensive income:						
Currency translation losses	–	–	–	–	(143,018)	(143,018)
Total comprehensive loss	–	–	(2,195,891)	–	(143,018)	(2,338,909)
Transactions with shareholders:						
Shares issued	838,095	961,905	–	–	–	1,800,000
Share issue expenses	–	(55,323)	–	–	–	(55,323)
Transfer of expired share options	–	–	85,995	(85,995)	–	–
At 31 December 2013	2,240,495	17,875,349	(15,984,120)	4,444,445	(102,933)	8,473,236

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	*Share premium* £	*Retained losses* £	*Share-based payment reserve* £	*Total equity* £
COMPANY					
At 1 January 2012	1,402,400	16,968,767	(8,249,253)	4,530,440	14,652,354
Loss for 2012	–	–	(1,344,883)	–	(1,344,883)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss	–	–	(1,344,883)	–	(1,344,883)
At 31 December 2012	1,402,400	16,968,767	(9,594,136)	4,530,440	13,307,471
Loss for 2013	–	–	(985,983)	–	(985,983)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss	–	–	(985,983)	–	(985,983)
Transactions with shareholders:					
Shares issued	838,095	961,905	–	–	1,800,000
Share issue expenses	–	(55,323)	–	–	(55,323)
Transfer on expired share options	–	–	85,995	(85,995)	–
At 31 December 2013	2,240,495	17,875,349	(10,494,124)	4,444,445	14,066,165

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	*Group 2013* £	*Company 2013* £	*Group 2012* £	*Company 2012* £
Cash flows from operating activities					
Group operating loss		(2,203,058)	(989,185)	(2,527,335)	(1,370,878)
Adjustments for non-cash items:					
Depreciation and amortisation charges	6&7	67,186	5,607	75,149	5,004
		(2,135,872)	(983,578)	(2,452,186)	(1,365,874)
Movements in working capital:					
Decrease in receivables		168,161	52,535	9,778	105,757
(Decrease)/increase in payables		(60,551)	(41,379)	(18,776)	94,493
Net cash used in operating activities		(2,028,262)	(972,422)	(2,461,184)	(1,165,624)
Investing activities					
Purchase of intangible assets	6	(13,200)	(13,200)	(10,607)	–
Loans to subsidiaries	8	–	(967,064)	–	(564,052)
Investment in subsidiary		–	–	–	(240)
Investment in associate		–	–	(192)	(96)
Distribution from/ (investment in) joint venture	13	154,868	–	(509,635)	–
Purchase of plant and equipment	7	(40,872)	(833)	(31,070)	–
Net cash from/(used in) investing activities		100,796	(981,097)	(551,504)	(564,388)
Financing activities					
Issued shares	11	1,800,000	1,800,000	–	–
Issue expenses	11	(55,323)	(55,323)	–	–
Interest paid		–	–	(7,346)	–
Interest received		7,167	3,201	52,387	25,995
Net cash from financing activities		1,751,844	1,747,878	45,041	25,995
Decrease in cash and cash equivalents		(175,622)	(205,641)	(2,967,647)	(1,704,017)
Cash and cash equivalents at beginning of year	9	858,677	726,338	3,765,414	2,430,355
Exchange differences		(105,504)	–	60,910	–
Cash and cash equivalents at end of year	9	577,551	520,697	858,677	726,338

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 ("IFRS") including IFRS 6 'Exploration for and Evaluation of Mineral Resources' as adopted by the European Union ("EU") 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 2013 of £985,983 (2012: loss of £1,344,883) has been included in the Group's Statement of Comprehensive Income.

1.2 *Going concern*

During the year ended 31 December 2013 the Group made a loss of £2,195,891 (2012: a loss of £2,816,853). At the year end date the Group had net assets of £8,473,236 (2012: net assets of £9,067,468) of which £577,551 (2012: £858,677) 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 raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects.

The Company successfully raised, via two private share placings, £1.225 million of working capital subsequent to the year end in January and March 2014. These funds are being used to meet day-to-day expenditure on the Namib project. The Group had a cash balance of £802,500 at 30 April 2014.

As set out in Note 23, the Group has exploration commitments of £1.86 million for its Namibian licences through 2014 and into 2015. 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 5, applications for the Namib Lead Mining Licence and the renewal of several exploration and prospective licences ("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 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 confirmations will be received within the normal time duration for these applications.

The Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities 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.

1. ACCOUNTING POLICIES (continued)

However, there can be no guarantee that the required funds will be raised within the necessary timeframe or 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.

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 net assets. 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. 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:

1. ACCOUNTING POLICIES (continued)

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. The Group has taken into consideration the degree to which expenditure can be associated with finding specific mineral resources. The intangible assets are amortised over the length of the mining licences and the amortisation expense is included within the administration expenses in the statement of comprehensive income.

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. ACCOUNTING POLICIES (continued)

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.

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. 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. ACCOUNTING POLICIES (continued)

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. Incremental costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

1.20 *Share-based payments*

The Parent Company has granted equity settled options. 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. In valuing equity settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Parent Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant value.

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. ACCOUNTING POLICIES (continued)

Where the terms of the equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

1.21 ***Critical accounting judgements and estimates***

The preparation of financial statements in conformity with International Financial Reporting Standards 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 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.

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments in and loans to subsidiaries is addressed in Notes 5, 8 and 15.

Share-based payments

The Group records charges for share-based payments. For option based share-based payments management estimate certain factors used in the option pricing model, including volatility, exercise date of options and number of options likely to be exercised. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

Further detailed analysis of the critical judgements and estimates relating to share based payments is addressed in Note 16.

1. ACCOUNTING POLICIES (continued)

1.22 *Financial instruments*

IFRS7 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 18 to the accounts.

1.24 *New standards and interpretations not applied*

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Group's financial statements.

Standard	*Details of amendment*	*Annual periods beginning on or after*
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015
IFRS 10 Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2014
IFRS 11 Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	1 January 2014

1. ACCOUNTING POLICIES (continued)

Standard	*Details of amendment*	*Annual periods beginning on or after*
IAS 32 Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.	1 January 2014

Based on the Group's current business model and accounting policies, management does not expect material impacts on the Group's financial statements when the new Standards and Interpretations become effective.

The Group does not intend to apply any of these pronouncements early.

2. SEGMENTAL REPORTING

For the purposes of segmental reporting, the operations and assets 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 Parent Company acts as a holding company. At the end of 31 December 2013, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the year.

Group 31 December 2013

	United Kingdom	*Namibia*	*Mozambique*	*Total*
	£	£	£	£
Other income	–	126	–	126
Exploration & evaluation expenditure	–	(1,235,192)	–	(1,235,192)
Administration expenses	(855,544)	(112,448)	–	(967,992)
Interest received	3,201	3,966	–	7,167
Loss before taxation	(852,343)	(1,343,548)	–	(2,195,891)
Trade and other receivables	30,783	101,637	25,114	157,534
Cash and cash equivalents	520,697	44,573	12,281	577,551
Accrued expenditure and provisions	(273,050)	(40,230)	–	(313,280)
Goodwill	–	7,738,986	–	7,738,986
Investment in associate company	–	–	113,182	113,182
Intangible assets	12,112	3,815	56,495	72,422
Plant and equipment	6,156	120,685	–	126,841
Net assets	296,698	7,969,466	207,072	8,473,236

2. SEGMENTAL REPORTING (continued)

Group 31 December 2012

	United Kingdom	*Namibia*	*Mozambique*	*Total*
	£	*£*	*£*	*£*
Other income	–	11,249	–	11,249
Exploration & evaluation expenditure	(5,297)	(1,386,870)	(74,600)	(1,466,767)
Administration expenses	(764,235)	(307,582)	–	(1,071,817)
Interest paid	–	(7,346)	–	(7,346)
Interest received	25,995	26,392	–	52,387
Impairment of investment in joint venture	(354,767)	–	–	(354,767)
Impairment of goodwill	–	(92,782)	–	(92,782)
Reversal of prior year share of associate's loss	–	–	112,990	112,990
Loss before taxation	(1,098,304)	(1,756,939)	38,390	(2,816,853)
Trade and other receivables	83,317	104,274	138,104	325,695
Cash and cash equivalents	726,338	120,058	12,281	858,677
Accrued expenditure and provisions	(314,431)	(59,399)	–	(373,830)
Goodwill	–	7,738,986	–	7,738,986
Investment in Associate	–	–	113,182	113,182
Investment in JV	–	154,868		154,868
Intangible assets	178	12,493	56,495	69,166
Property, plant and equipment	9,663	171,061	–	180,724
Net assets	505,065	8,242,341	320,062	9,067,468

3. GROUP OPERATING LOSS

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

	Year ended 31 December 2013	*Year ended 31 December 2012*
	£	*£*
Depreciation and amortisation – owned assets	67,186	75,149
Parent Company auditor's remuneration	22,000	22,000
Parent Company auditor's remuneration for non-audit work – tax services	2,920	8,000
Subsidiary auditor's remuneration	14,689	12,236
Employee costs	324,278	265,939
Exploration & evaluation costs	1,235,192	1,466,767

4. LOSS PER SHARE

	Loss for the period from continuing operations	*Weighted average number of shares*	*Loss per share Basic – Pence per share*
	£		
Year ended 31 December 2013	(2,195,891)	928,727,733	(0.23) pence
Year ended 31 December 2012	(2,816,853)	701,200,000	(0.40) pence

4. LOSS PER SHARE (continued)

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued and has been kept the same as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

5. 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. Goodwill arising on the acquisition was:

Group

	31 December 2013	*31 December 2012*
	£	*£*
Goodwill arising on acquisition of WAGE and Namib Lead	7,738,986	7,738,986

Goodwill impairment review

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 31 December 2013 with the exception of EPL 3139 in the Ubib area which was relinquished in April 2013 with a carrying value at 31 December 2012 of £92,782. A goodwill impairment charge of £92,782 was made as at 31 December 2012.

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.

The goodwill has not been impaired as commercial reserves have not yet been established or the determination of the evaluation process in incomplete at the year end. The continued exploration and development work within the Licence Areas since acquisition has not revealed anything that would suggest that there has been a further impairment to the carrying value of the goodwill.

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$7,000 per tonne in May 2014 as well as the increase in lead and zinc prices over that time.

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 two EPLs (3207 and 3258) and the application of the Mining Licence (2902) have not yet been confirmed which indicates an uncertainty over their renewal. If the EPLs are not renewed 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 renewal confirmations will be received within the normal time duration for these applications and therefore this does not constitute an indication of impairment of the goodwill and associated assets.

5. GOODWILL AND IMPAIRMENT REVIEW (continued)

Project	*Application name*	*Type*	*Number*	*Surface area (km²)*	*Annual licence fees (N$)*	*Current status*	*Expiry date*
Namib Lead	Namib Lead	EPL	2902	45.2340	2,000	Submitted	17/04/2014
Namib Lead South	Namib Lead South	EPL	5075	123.9515	2,000	Renewed	06/05/2015
Dordabis	Kupferberg	EPL	3257	473.0690	5,000	Submitted	01/06/2014
Witvlei	Christiadore	EPL	3258	214.6016	3,000	Submitted	15/05/2014
Witvlei	Okatjirute	EPL	3261	266.2760	3,000	Renewed	25/07/2015
Outjo	Ekotoweni	EPL	4560	692.1918	3,000	Renewed	01/08/2015
Outjo	Hopewell	EPL	4561	197.9399	3,000	Renewed	01/08/2015

In accordance with the Group's accounting policies the Directors review their opinion on impairments of goodwill annually, or sooner, where information comes to light that clarifies the size, quality and economics of the licences and ore bodies held/owned by WAGE and Namib Lead. In the opinion of the Directors, taking into account the expiry dates of those licences, the likelihood of their renewal, the availability of further funds, and the intention to continue exploration and evaluation in the licence areas, no indication of impairment of the current carrying value of the goodwill currently exists. No impairment of the goodwill has therefore been made in the year ended 31 December 2013. No such indications of impairment are evident up to the date of approval of these financial statements.

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, as shown below. Management consider this to be an appropriate basis on which to recognise the goodwill purchased and the continued carry values.

Goodwill ascribed to areas:

	2013 £	*2012* £
WAGE		
Witvlei Copper	4,719,300	4,719,300
Dordabis Copper	1,983,634	1,983,634
	6,702,934	6,702,934
Namib Lead		
Namib Lead - mine	1,036,052	1,036,052
Ubib	–	92,782
Impairment of Ubib in 2012	–	(92,782)
	1,036,052	1,036,052
Goodwill carrying values	7,738,986	7,738,986

6. INTANGIBLE ASSETS

	Exploration licences £	*Software* £	*Total* £
GROUP			
COST			
At 1 January 2013	159,017	30,747	189,764
Additions in the year	–	13,200	13,200
Effects of foreign exchange	(21,412)	(5,926)	(27,338)
At 31 December 2013	137,605	38,021	175,626
AMORTISATION			
At 1 January 2013	102,407	18,191	120,598
Charge for the year	507	8,163	8,670
Effects of foreign exchange	(21,804)	(4,260)	(26,064)
At 31 December 2013	81,110	22,094	103,204
NET BOOK VALUES			
At 31 December 2013	56,495	15,927	72,422
At 31 December 2012	56,610	12,556	69,166

	Royalty contracts £	*Software* £	*Total* £
COMPANY			
COST			
At 1 January 2013	66,000	2,368	68,368
Additions in the year	–	13,200	13,200
At 31 December 2013	66,000	15,568	81,568
AMORTISATION			
At 1 January 2013	–	2,190	2,190
Charge for the year	–	1,267	1,267
At 31 December 2013	–	3,457	3,457
NET BOOK VALUES			
At 31 December 2013	66,000	12,111	78,111
At 31 December 2012	66,000	178	66,178

6. INTANGIBLE ASSETS (continued)

	Exploration licences £	*Software* £	*Total* £
GROUP			
COST			
At 1 January 2012	174,848	22,272	197,120
Additions in the year	–	10,607	10,607
Disposals in the year	(7,023)	–	(7,023)
Effects of foreign exchange	(8,808)	(2,132)	(10,940)
At 31 December 2012	159,017	30,747	189,764
AMORTISATION			
At 1 January 2012	110,668	9,973	120,641
Charge for the year	522	9,186	9,708
Disposals in the year	(7,023)	–	(7,023)
Effects of foreign exchange	(1,760)	(968)	(2,728)
At 31 December 2012	102,407	18,191	120,598
NET BOOK VALUES			
At 31 December 2012	56,610	12,556	69,166
At 31 December 2011	64,180	12,299	76,479

	Royalty contracts £	*Software* £	*Total* £
COMPANY			
COST			
At 1 January 2012 and 31 December 2012	66,000	2,368	68,368
AMORTISATION			
At 1 January 2012	–	1,400	1,400
Charge for the year	–	790	790
At 31 December 2012	–	2,190	2190
NET BOOK VALUES			
At 31 December 2012	66,000	178	66,178
At 31 December 2011	66,000	968	66,968

7. PLANT AND EQUIPMENT

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
GROUP				
COST				
At 1 January 2013	94,013	40,487	211,280	345,780
Additions in year	26,746	833	13,293	40,872
Effects of foreign exchange	(26,248)	(5,183)	(44,892)	(76,323)
At 31 December 2013	94,511	36,137	179,681	310,329
DEPRECIATION				
At 1 January 2013	39,069	18,119	107,868	165,056
Charge for the year	22,676	9,993	25,847	58,516
Effects of foreign exchange	(11,180)	(3,282)	(25,622)	(40,084)
At 31 December 2013	50,565	24,830	108,093	183,488
NET BOOK VALUE				
At 31 December 2013	43,946	11,307	71,588	126,841
At 31 December 2012	54,944	22,368	103,412	180,724

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
COMPANY				
COST				
At 1 January 2013	–	15,674	–	15,674
Additions in the year	–	833	–	833
At 31 December 2013	–	16,507	–	16,507
DEPRECIATION				
At 1 January 2013	–	6,011	–	6,011
Charge for the year	–	4,340	–	4,340
At 31 December 2013	–	10,351	–	10,351
NET BOOK VALUE				
At 31 December 2013	–	6,156	–	6,156
At 31 December 2012	–	9,663	–	9,663

7. PLANT AND EQUIPMENT (continued)

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
GROUP				
COST				
At 1 January 2012	84,449	49,151	229,547	363,147
Additions in year	28,026	3,044	–	31,070
Disposals in the year	–	–	(1,434)	(1,434)
Effects of foreign exchange	(18,462)	(11,708)	(16,833)	(47,003)
At 31 December 2012	94,013	40,487	211,280	345,780
DEPRECIATION				
At 1 January 2012	29,538	16,516	86,805	132,859
Charge for the year	23,419	12,041	29,981	65,441
Disposals in the year	–	–	(1,434)	(1,434)
Effects of foreign exchange	(13,888)	(10,438)	(7,484)	(31,810)
At 31 December 2012	39,069	18,119	107,868	165,056
NET BOOK VALUE				
At 31 December 2012	54,944	22,368	103,412	180,724
At 31 December 2011	54,911	32,635	142,742	230,288

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
COMPANY				
COST				
At 1 January 2012	–	15,674	–	15,674
At 31 December 2012	–	15,674	–	15,674
DEPRECIATION				
At 1 January 2012	–	1,797	–	1,797
Charge for the year	–	4,214	–	4,214
At 31 December 2012	–	6,011	–	6,011
NET BOOK VALUE				
At 31 December 2012	–	9,663	–	9,663
At 31 December 2011	–	13,877	–	13,877

8. TRADE AND OTHER RECEIVABLES

	Group 31 December 2013	*Company 31 December 2013*	*Group 31 December 2012*	*Company 31 December 2012*
	£	*£*	*£*	*£*
Amounts falling due within one year:				
Prepayments	20,329	13,734	54,490	45,370
Other receivables	137,205	17,049	271,205	37,947
	157,534	30,783	325,695	83,317
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	–	13,173,886	–	12,206,822

The Parent Company has receivables from Group companies, namely, from WAGE and Namib Lead, which are interest free, unsecured and with no fixed repayment terms.

The Directors are of the opinion that the reasons for not impairing Goodwill (see Note 5) supports their decision not to impair the loans due from WAGE and Namib Lead as at 31 December 2013.

On the acquisition of WAGE and Namib Lead the Parent Company paid £8,000,000 for the loans in WAGE and Namib Lead. Since the acquisition date further amounts have been granted to the subsidiaries as working capital to carry out the Group's exploration and development activities.

9. CASH AND CASH EQUIVALENTS

	Group 31 December 2013	*Company 31 December 2013*	*Group 31 December 2012*	*Company 31 December 2012*
	£	*£*	*£*	*£*
Cash at bank and in hand	577,551	520,697	858,677	726,338
	577,551	520,697	858,677	726,338

10. TRADE AND OTHER PAYABLES

	Group 31 December 2013	*Company 31 December 2013*	*Group 31 December 2012*	*Company 31 December 2012*
	£	*£*	*£*	*£*
Trade payables	143,827	109,987	165,430	141,506
Other payables	169,453	163,063	208,400	172,923
	313,280	273,050	373,830	314,429

11. SHARE CAPITAL

Allotted, issued and fully paid:

Number	*Class*	*Nominal value*	*31 December 2013* £	*31 December 2012* £
1,120,247,632	Ordinary	0.2p	2,240,495	1,402,400

Date of issue	*Detail of issue*	*Number of Ordinary shares*	*Share capital* £	*Share premium* £
At 1 January 2013		701,200,000	1,402,400	16,968,767
26 April 2013	Placement to provide a geological review, drilling and working capital	285,714,300	571,429	428,571
23 September 2013	Placement to provide resource drilling, metallurgical work and start of a feasibility study	133,333,332	266,666	533,334
	Issue costs	–	–	(55,323)
As at 31 December 2013		1,120,247,632	2,240,495	17,875,349

In the period from 1 January 2013 to 31 December 2013 the following Ordinary share issues occurred:

On 26 April 2013 gross proceeds of £1,000,000 was raised through the placing of 285,714,300 Ordinary shares. The placing allowed for a geological review, surface and underground drilling and working capital.

On 23 September 2013 gross proceeds of £800,000 was raised through the placing of 133,333,332 Ordinary shares. The placing allowed for further resources drilling, metallurgical work and the work-up of a feasibility study on the Namib Lead Zinc mine project.

12. TAXATION

	Group 31 December 2013 £	*Group 31 December 2012* £
Tax charge for year	–	–
Factors affecting the tax charge for the year		
Loss from continuing operations before income tax expenses	(2,195,891)	(2,816,853)
Tax at 23.25% (2012: 24.5%)	(510,545)	(690,129)
Expenses not deductible	2,784	97,909
Overseas rate differences	(172,411)	(193,983)
Excess/(shortfall) of fiscal depreciation over accounting depreciation	228	1,364
Other timing differences not recognised (exploration costs, leave pay)	397,948	481,312
Losses carried forward not recognised	281,996	303,527
Income tax expense	–	–

12. TAXATION (continued)

The Group has tax losses of £5.3m (2013: £4.2m) and exploration costs of £11.0m (2013: £12.7m) 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 2013 £	*Group 31 December 2012 £*
Provided for		
Accelerated capital allowances	–	–
Exploration costs	–	–
Share based payments	–	–
Unutilised losses	–	–
Total provided for	–	–
Un-provided for		
Accelerated capital allowances	47,620	60,212
Exploration costs	(4,122,271)	(4,774,490)
Unutilised losses	(1,146,874)	(1,040,193)
Total un-provided deferred tax asset	(5,221,525)	(5,754,471)

13. 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 exploration activity to discover uranium was unsuccessful and in January 2013 the licences were relinquished. The absence of continuing exploration licences in Brandberg resulted in the Company’s Directors taking the view to impair the investment in Brandberg to its share of the net asset value as at 31 December 2012, being £154,868. The resulting impairment charge of £354,767 was included in the 2012 consolidated income statement of the Company.

During 2013, the decision was made to close Brandberg and return any remaining assets to its shareholders by way of a dividend. During the year ended 31 December 2013 Brandberg paid a dividend £154,868 to North River Resources Namibia (Pty) Ltd as a final disbursement of funds before deregistering. Following the receipt of the distribution, the Group’s carrying value of the associate is £Nil.

The joint venture had no contingent liabilities or capital commitments as at 31 December 2013 and 31 December 2012.

14. 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 2013*	*Group interest 31 December 2012*
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. Boabab 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 2013 £	*31 December 2012 £*
Total assets	138,678	138,678
Total liabilities	(25,208)	(25,208)
Net assets/(liabilities)	113,470	113,470
Share of net assets/(liabilities)	45,388	45,388
Goodwill on acquisition	67,794	67,794
The group's share of net assets representing the group's carrying value of investments in associate	113,182	113,182
Revenues	–	–
Losses	–	–
The Group's share of loss	–	–

Carrying value of investment in associate

	Group 31 December 2013 £	*Company 31 December 2013 £*	*Group 31 December 2012 £*	*Company 31 December 2012 £*
Investment at cost	113,182	56,591	192	56,591
Share of associates loss for the year	–	–	–	–
Reversal of prior year share of associates loss	–	–	112,990	–
Carrying value of investment	113,182	56,591	113,182	56,591

14. INVESTMENT IN ASSOCIATED COMPANY (continued)

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 either at 31 December 2012 or 31 December 2013, and the disclosure above reflects this.

15. SUBSIDIARY ENTITIES

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 (see note 14).

The acquisition of West Africa Gold Exploration (Namibia) (Pty) Ltd ('WAGE') and Namib Lead is covered in detail under Note 5 '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 2013 £	*31 December 2012* £
At 1 January	472,991	472,751
Additions during the year	–	240
At 31 December	472,991	472,991

During the year ended 31 December 2011 North River Resources plc capitalised £472,749 of an outstanding loan due from WAGE into share capital by obtaining a further 600,000 shares in WAGE. The capitalisation was undertaken to improve the relative weighting between the share capital and loan value invested by North River Resources plc in its Namibian subsidiary to comply with exchange control requirements in Namibia.

The Directors are of the opinion that the reasons for not impairing Goodwill (see Note 5) supports their decision not to impair the investments in subsidiaries as at 31 December 2013.

16. SHARE-BASED PAYMENTS

	31 December 2013 Number	*31 December 2012 Number*
Share options outstanding		
Opening balance	114,200,000	114,200,000
Granted in the year	–	–
Expired/cancelled during the year[Note 1]	(9,100,000)	–
Closing balance	105,100,000	114,200,000

Note 1:

9,100,000 options granted on 3 February 2010 with an exercise price of 7.5p expired on 1 January 2013. These options were fully expensed in prior periods. The prior period cost of these options of £85,995 was transferred to retained losses from the share-based payment reserve during the year ended 31 December 2013.

Details of share options outstanding at 31 December 2013:

Date of grant	*Number of options*	*Option price*	*Exercisable between*
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	10p	03/02/10 – 01/02/15
3 February 2010	4,375,000	10p	01/02/11 – 01/02/15

Weighted average exercise price of share options:	
– outstanding at the beginning of the period	6 pence
– granted during the period	Nil
– outstanding at the end of the period	6 pence
– exercisable at the end of the period	6 pence
Weighted average remaining contractual life of share options outstanding at the end of the period	0.55 years

17. 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 2013 £	*31 December 2012 £*	*31 December 2013 £*	*31 December 2012 £*
Financial Assets				
Trade and other receivables	157,534	325,695	157,534	325,695
Cash and cash equivalents	577,551	858,677	577,551	858,677
Total	735,085	1,184,372	735,085	1,184,372
Financial Liabilities				
Trade and other payables	313,280	373,830	313,280	373,830
Total	313,280	373,830	313,280	373,830

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

The main risk arising from the Group's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

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 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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

	Weighted average effective interest rate	*Floating interest rate maturing in 1 year or less*	*Fixed interest rate 2013*	*Non-interest bearing 2013*	*Total*
	%	*£*	*£*	*£*	*£*
Year ended 31 December 2013					
Financial assets					
Trade and other receivables	0.00	–	–	157,534	157,534
Cash on deposit	0.94	577,551	–	–	577,551
Total financial assets		577,551	–	157,534	735,085
Financial liabilities					
Trade and other payables	0.00	–	–	313,280	313,280
Total financial liabilities		–	–	313,280	313,280
	%	*£*	*£*	*£*	*£*
Year ended 31 December 2012					
Financial assets					
Trade and other receivables	0.00	–	–	325,695	325,695
Cash on deposit	2.76	858,677	–	–	858,677
Total financial assets		858,677	–	325,695	1,184,372
Financial liabilities					
Trade and other payables	0.00	–	–	373,830	373,830
Total financial liabilities		–	–	373,830	373,830

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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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.

Trade receivables at 31 December 2013 consist primarily of prepayments and other sundry receivables. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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.

19. RELATED PARTY TRANSACTIONS

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis (a director who resigned in 2012), charged for secretarial services during the year £Nil (2012: £4,415).

Fernan Pty Ltd, a company associated with Mark Hohnen (a director who resigned in 2012), was paid fees in the amount of £Nil (2012: £21,066) for the provision of services provided by Mark Hohnen.

Full details of Directors' share options and remuneration are included in the Directors' Report.

20. EMPLOYEES' AND DIRECTORS' REMUNERATION

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

Group	*Year ended 31 December 2013* £	*Year ended 31 December 2012* £
Employee remuneration	312,348	261,572
Employee social security costs	11,930	4,367
Total	324,278	265,939

Average employee numbers	*Number*	*Number*
Exploration and expenditure	10	11
Administration and management	4	6
Total	14	17

Directors' remuneration (excluding employer's national insurance) for the year was as follows:

2013 Directors	*Directors' salary Year to 31 December 2013* £	*Directors' fees Year to 31 December 2013* £	*Consulting fees Year to 31 December 2013* £	*Termination payments Year to 31 December 2013* £	*Total Year to 31 December 2013* £
Martin French	87,500	48,000	–	–	135,500
Zuyuan He	–	52,933	–	–	52,933
Zhiping Yu	–	26,467	–	–	26,467
Ms. Qi Yu	–	22,387	–	–	22,387
Brett Richards	–	23,097	–	–	23,097
Mark Thompson	–	6,800	–	–	6,800
	87,500	179,684	–	–	267,184

2012 Directors	*Directors' salary Year to 31 December 2012* £	*Directors' fees Year to 31 December 2012* £	*Consulting fees Year to 31 December 2012* £	*Termination payments Year to 31 December 2012* £	*Total Year to 31 December 2012* £
Mark Hohnen	–	21,066	–	–	21,066
David Steinepreis	37,500	19,612	–	48,000	105,112
Martin French	–	25,032	33,700	–	58,732
Glyn Tonge	–	10,534	–	24,000	34,534
	37,500	76,244	33,700	72,000	219,444

Full details of Directors' emoluments are disclosed in the Directors' Report.

21. FINANCIAL COMMITMENTS

At 31 December 2013 the Group and Parent Company were committed to making the following payments under non-cancellable operating leases in the year to December 2013:

	Group 31 December 2013 £	*Company 31 December 2013 £*	*Group 31 December 2012 £*	*Company 31 December 2012 £*
Operating lease which expired on 26 September 2013	–	–	21,949	21,949

The operating lease was subject to a break clause which allowed the landlord to give notice to the Company to vacate the premises. The notice could not take effect before 31 January 2013. The notice period was a minimum 6 months. The landlord served notice in accordance with the lease agreement in 2012. The Company vacated its previous premises on 26 September 2013.

22. CONTROL

No one party is identified as controlling the Group.

23. EXPLORATION EXPENDITURE AND RESTORATION COMMITMENTS

Restoration commitments

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

JV agreement with Extract Resources Ltd

As the JV's licences were relinquished, a final dividend paid and Brandberg has now been deregistered the JV agreement is no longer in place (see Note 13).

The Agreement also allowed 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. The exploration activity to discover uranium was unsuccessful and in January 2013 EPL 3139 was relinquished. The terms of the agreement related to this unincorporated joint venture no longer apply.

Existing Exploration Licences in Namibia

The Group has a number of exploration licences in Namibia. There is a commitment to spend £1,860,000 on these licences through 2014 and into 2015. There is scope in the Mines and Minerals Act for expenditure to be altered by the Group 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 (see Note 5).

Existing Exploration Licences in Mozambique

The Group has a 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 14).

24. SUBSEQUENT EVENTS

On 20 January 2014 the Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") was submitted to the Namibian Ministry of Environment and Tourism, for its Namib Lead-Zinc Project.

On 29 January 2014 the Company entered into a drill-for-equity agreement with Mr Wilhelm Shali, the owner of the drilling and mining contractor operating at the Company's flagship Namib Lead-Zinc Project in Namibia. The agreement has initially been established to cover the first £175,000 worth of invoicing for drilling activities. 29,166,667 new Ordinary Shares of £0.002 each were issued at an equivalent of 0.6 pence each.

The Company raised gross proceeds of £1,025,000 through a placing of 170,833,333 new Ordinary Shares of £0.002 each on 29 January 2014 through its brokers, Pareto Securities, at a price of 0.6 pence per Ordinary Share.

The Company also raised gross proceeds of £200,000 through a placing of 30,769,232 new Ordinary Shares of £0.002 each on 21 March 2014, at a price of 0.65 pence per Ordinary Share.

The net proceeds of the placings will be applied towards the completion of the Definitive Feasibility Study on the Company's Namib Lead-Zinc Project and for general working capital purposes.

The Company has no Ordinary Shares held in treasury. The total number of voting rights in the Company following these placings and the drill-for-equity agreement is 1,351,016,864.

The Mining Licence for the Namib Lead Zinc Silver mine was submitted in April 2014 and all renewals for EPLs, that have not been relinquished, have been submitted. The Group is currently awaiting confirmation of the EPLs renewals and whether the Mining Licence has been granted.

These events are discussed in more detail in the Managing Director's Statement.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of North River Resources plc, a company incorporated in England & Wales under the Companies Act 1985 with registered number 5875525 (the "Company") will be held at the offices of SGH Martineau LLP, 5th Floor, One America Square, Crosswall, London EC3N 2SG on Wednesday 25th June 2014 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements and reports of the directors and auditors thereon for the year ended 31st December 2013.
2. To re-elect, as a director of the Company, Mr Zuyuan He, who retires in accordance with Article 25.2 of the Company's Articles of Association and offers himself for re-election.
3. To re-elect, as a director of the Company, Mr Mark Edward Thompson, who retires in accordance with Article 20.2 of the Company's Articles of Association and offers himself for re-election.
4. To re-appoint UHY Hacker Young LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be determined by the directors.

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions, of which Resolution 5 will be proposed as an Ordinary Resolution and Resolution 6 be proposed as a Special Resolution:

5. THAT the directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act"), in substitution for all previous powers granted to them, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £2,000,000.00 such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2015 provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired.
6. THAT the directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with an issue in favour of shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (or as nearly as may be practicable) to the respective number of ordinary shares in the capital of the Company held by them on the record date for such allotment, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange, in any territory; and

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £2,000,000.00;

   and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2015. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By Order of the Board

John Bottomley
Company Secretary
30 May 2014

Registered Office:
One America Square
Crosswall
London EC3N 2SG

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrars, **Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by hand, or sent by post to FREEPOST RSBH-UXKS-LRBC, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU**, so as to be received not less than 48 hours before the time fixed for the holding of the meeting (excluding any part of a day which is not a working day) or any adjournment thereof (as the case may be).
2. Any member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he wish to do so.
6. The Company has specified that only those members entered on the register of members at 6.00 pm on 23rd June 2014 shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares of 0.2p each in the capital of the Company ("Ordinary Shares) held in their name at that time. Changes to the register after 6.00 pm on 23rd June 2014 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before
8. **Resolution 2** – Article 25.2 of the Company's Articles of Association require that one third of the directors of the Company who have held office since the last AGM, must retire by rotation and, if they are eligible, may offer themselves for re-election.
9. **Resolutions 3** - Having been appointed since the last Annual General Meeting Mark Edward Thompson must retire in accordance with Article 20.2 of the Company's Articles of Association, and being eligible is offering himself for re-election.
10. **Resolution 5** – As required by the Act, this resolution, to be proposed as an Ordinary Resolution, relates to the grant to the directors of authority to allot unissued Ordinary Shares and grant rights to subscribe for or convert securities into Ordinary Shares until the conclusion of the Annual General Meeting to be held in 2015, unless the authority is renewed or revoked prior to such time. This authority is limited to a maximum of 1,000,000,000 Ordinary Shares.
11. **Resolution 6** – The Act requires that if the directors decide to allot unissued Ordinary Shares in the Company, the shares proposed to be issued be first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. However, to act in the best interests of the Company the directors may require flexibility to allot shares for cash without regard to the provisions of Section 561(1) of the Act. Therefore this resolution, to be proposed as a Special Resolution, seeks authority to enable the directors to allot equity securities up to a maximum of 1,000,000,000 Ordinary Shares. This authority expires at the conclusion of the Annual General Meeting to be held in 2015.