

22 July 2015

**North River Resources plc (“North River” or the “Company”)  
Namib Project Development and Funding Update**

North River, the AIM quoted resource company focused on the Namib Lead-Zinc Project in Namibia (the “Project”), announces the following update in respect of its Namib project, and the Project’s associated financing plan.

As previously announced, the Company submitted its application for a Mining Licence in April 2014 while working through the final phase of the definitive feasibility study (“DFS”), which was announced in November 2014. The results of the DFS, in combination with a detailed Board-level review, identified key additional studies on the mine development plan and mining process flow sheet that would be required ahead of the Company being in a position to take an investment decision on the Project.

The Company advanced these studies during H1 2015, announcing the results of the metallurgical test work programme on 22 July 2015. This positions the Company to commence Front End Engineering & Design (“FEED”) on an optimised processing plant as well as providing the catalyst to progress early mine development work. Subject to funding, the Company expects to be in a position to complete these phases of work during Q4 2015, which will be sufficient to support an investment decision on the Project.

The Company is cognisant that this constitutes a revised timeline to project development. The requirement to complete these additional studies, alongside discussions with the Ministry of Mines and Energy on the award of the Mining Licence, have delayed the originally scheduled commencement of construction of the Namib project. As regards the Mining Licence, the Company is pleased to have hosted the newly appointed Minister of Mines and Energy, the Honorable Obeth Kandjoze, as well as a ministerial delegation on a recent site visit at the Namib Project. The Company looks forward to continuing to work with the Ministry on the licence application.

In light of this, the Company would like to provide guidance to Shareholders on the Project’s revised funding strategy:

1. Subject to timing of commencing construction and the definitive capital estimate post completion of early engineering and design, the Company estimates a total funding requirement of between US\$25m and US\$30m through to expected project commissioning. It is planned to structure this financing in two phases:
  - a. An initial equity fundraising to cover the short term working capital required to cover initial FEED, early development of the North decline, sourcing of plant and equipment, and the ongoing underground development programme required to

- establish access for the next phase of resource expansion drilling. This will finance the Company to take the project through to a construction decision; and
- b. A second fundraising, subject to having received the Mining Licence from the Namibian authorities. This fundraising, comprising of both debt and equity, will cover the cost of construction and an ongoing resource expansion drilling programme.

It was originally anticipated that part of the Company's further equity requirement would be met from the remainder of the conditional commitments from Greenstone Resources LP ("Greenstone") as set out in the Investment Agreement signed in July 2014 ("Investment Agreement"). The Company has to date received two funding tranches from Greenstone, amounting to a total of US\$6 million. The remaining third and fourth tranches, totaling US\$6m ("Final Tranches"), are subject to the completion of a number of project milestones. A review of the Investment Agreement has now been conducted by the Board (excluding Mark Sawyer, Greenstone's representative), under the Project's revised development timeframe. Following this review, the Board does not believe that these project milestones, including *inter alia* completion of the engineering design work to the degree of accuracy required under the Investment Agreement, are now achievable before the Investment Agreement's long-stop date of 4 October 2015. The Board has therefore notified Greenstone to this effect, and as a result the Company and Greenstone have agreed to terminate the current Investment Agreement. However, Greenstone has indicated that it remains a committed shareholder and is supportive of the Company's development plans for the Project and the next phase of work.

At this current time, the Company's cash resources total approximately US\$0.5m. The Company's intention with regard the near term financing plan will be set out in more detail in due course, together with notice of a General Meeting to seek shareholder approval for the revised financing plan. As previously advised this will include details of an offer to participate for existing shareholders.

North River CEO James Beams said, "We believe that the Namib Project continues to demonstrate the qualities of a robust and low risk development opportunity which will provide a strong platform for establishment of the Company's operational phase. Subject to receiving the Mining Licence the Company will be well positioned to establish the debt and equity packages necessary to progress the Project through development, thereby unlocking the Project's near term production potential."

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

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