

North River

RESOURCES



Working Capital Financing Proposal
For General Meeting on 18 July 2016

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Background

North River has had to adapt to continued delay in the grant of a mining licence for its Namib project

- Previous cash injection of \$4m has been made to last much longer than anticipated when raised in Q3 2015
- Pre-construction programmes put on hold
- Corporate & project site costs reduced
- Company focus limited to resource expansion drilling and grant of the mining licence
- Timeframe for agreeing conditions for grant of the licence remains subject to further extension and there is no certainty acceptable conditions can be agreed

Further working capital is required immediately to continue trading

Mining licence application – current status

Company is awaiting a response from the Ministry of Mines & Energy on the proposal submitted on 25 April 2016

- Notice received Jan 2016 set out framework & timetable within which specific new conditions are to be agreed before licence is granted, including:
 - Namibian ownership of project
 - Namibian participation in management
 - Corporate social responsibility strategy
- Formal proposal addressing new conditions submitted 25 April 2016
- Ministry extended period within which it was to respond, to 2 July 2016
- Company expects to receive feedback shortly

Timeframe for agreeing conditions for grant of the licence is subject to further extension and there is no certainty acceptable conditions can be agreed

Forward work programme & funding

Estimated ~US\$30 million¹ required in three phases to develop the Namib project

Phase one funding: US\$2.5 million required now:

- Immediate need for working capital for H2 2016
- To complete resource expansion drilling and upgrade mineral resource; key for positioning project for construction financing
- To advance and conclude discussions on mining licence
- To prepare building capabilities to carry out post-ML pre-construction work streams

Phase two funding: A further ~US\$2.5 million¹ required following grant of mining licence:

- Complete pre-construction work streams to advance project to an investment decision
- Includes early design & engineering, updated mine planning, operational readiness, and project financing

Phase three funding: ~US\$25 million¹ required for project construction following a final investment decision

¹Subject to timing on the mining licence and final updated capital estimate

Phase one funding: New convertible loan notes agreed

US\$5.6 million conditionally raised through issue of secured convertible loan notes to Greenstone Resources

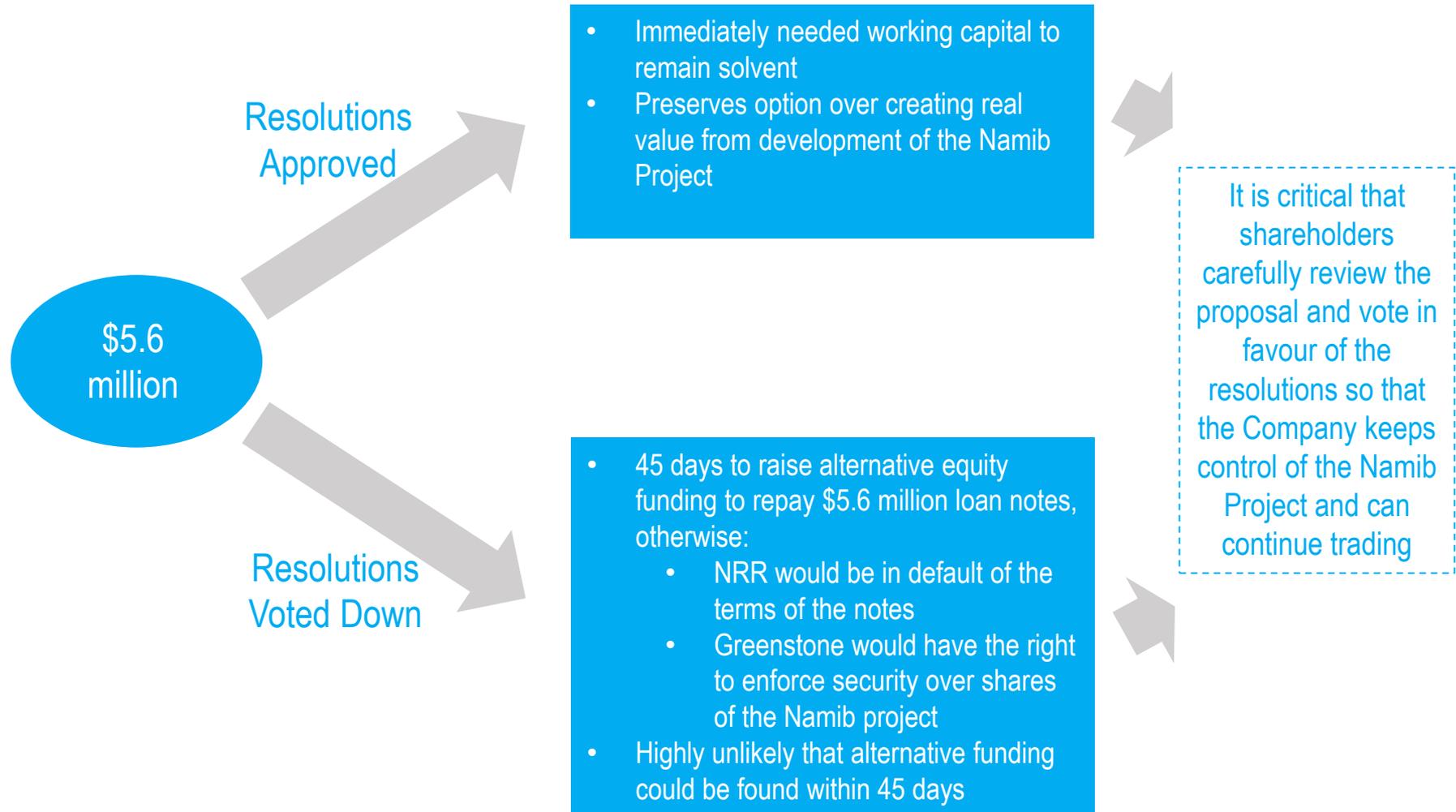
- Provides immediate US\$2.5 million in working capital funding to continue trading
- US\$3.1 million provides immediate repayment of Greenstone Resources 2015 convertible loan notes
- Loan notes are secured over issued share capital of Namib Lead and Zinc (Pty) Ltd which owns the Namib project

Phase one funding: Financing proposal for shareholder approval

Financing proposal to redeem the US\$5.6 million loan notes, subject to shareholder approval at General Meeting on 18 July 2016

- Share capital reorganisation
- Whitewash any Greenstone obligation to make a mandatory offer to shareholders should its interest go above 30% on conversion of the loan notes
- 30% of loan notes to be converted into new shares to Greenstone at 0.095 p/share
- 70% of loan notes repayable from proceeds of an open offer to shareholders other than Greenstone, and any placing to new investors, at 0.095 p/share
- Any shortfall in proceeds from open offer and placing to be converted into shares to Greenstone

Phase one funding: In the best interests of all shareholders



The Namib project

Opportunity to create value for shareholders

Namib is a low cost, attractive grade zinc-lead restart	6.5% zinc, 2.9% lead and 46g/t silver ~14ktpa Zn in concentrate; ~6ktpa Pb in concentrate;
Excellent location	Excellent regional & existing mine site infrastructure
Advanced project with straightforward mining and processing	DFS and optimisation complete; short construction period; standard process flowsheet
Favourable commodity	Market anticipating strong fundamentals for zinc
Current focus is on growing the mineral resource & grant of the mining licence	Resource expansion drilling ongoing. Next step workstreams remain on hold pending mining licence
Experienced Board	Experience in developing projects in sub-Saharan Africa
Supportive cornerstone investor	Greenstone Resources LP: long term strategic industry investor
Building broader Namibian mining company	Namib a platform to leverage project development and operational expertise & internally generated cashflow

Summary Timetable¹

Open Offer Record Date for entitlement under the Open Offer	5.00 p.m. on 27 June 2016
Announcement of Open Offer and Placing	28 June 2016
Posting of Circular and Application Forms	28 June 2016
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 12 July 2016
Latest time for depositing receipt of Forms of Proxy for the General Meeting	2.00 p.m. on 14 July 2016
Latest time for receipt of Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions	11.00 a.m. on 15 July 2016
General Meeting	2.00 p.m. on 18 July 2016

¹Refer to Announcement of 28 June 2016 for full Timetable of Principle Events

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