

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult an independent financial adviser authorised and regulated under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this Circular should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” set out in Part III of this Circular.**

If you have sold or otherwise transferred all of your Ordinary Shares, please send this Circular and accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom you have sold or transferred your shares for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction where to do so might constitute a violation of local securities law or regulation. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**This Circular is not a prospectus for the purposes of the Prospectus Rules published by the FCA and has not been approved by the FCA or any other authority or regulatory body. In addition, this Circular does not constitute an admission document drawn up in accordance with the AIM Rules.**

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# **NORTH RIVER RESOURCES PLC**

*(Incorporated and registered in England and Wales with registered number 5875525)*

**Proposed fundraising of up to US\$4.0 million placed with and/or underwritten by  
Greenstone Resources LP**

**and**

**Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from the Senior Independent Director and Interim Chairman of the Company which is set out as Part I of this Circular and the section headed “Risk Factors” in Part III of this Circular.**

Capitalised terms in this Circular have the meaning ascribed to them in the section headed “Definitions” on pages 7 to 9 of this Circular.

References to times are to London, United Kingdom, time unless otherwise stated. References to dates and times in this Circular should be read as being subject to adjustment. The Company will make an appropriate announcement via a regulatory information service giving details of any revised dates and/or times, but Shareholders may not receive any further written communication.

Strand Hanson Limited (“**Strand Hanson**”), which is authorised and regulated in the United Kingdom by the FCA, is the Company’s nominated and financial adviser for the purposes of the AIM Rules and, as such, its responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity in respect of his reliance on any part of this Circular. Strand Hanson is acting exclusively for the Company, as nominated adviser for the purposes of the AIM Rules, in relation to the matters described in this Circular and is neither taking responsibility for the commercial assessment of the Greenstone Placing, which remains the sole responsibility of the Independent Directors, nor for any matters outside the duties of a nominated adviser, as prescribed by the AIM Rules, nor is it advising any other person and accordingly will not be responsible to any person other than the Company for providing the protections afforded to the clients of Strand Hanson or for providing advice in relation to the matters described in this Circular. No representation or warranty, express or implied is made by Strand Hanson for the accuracy of any information or opinions contained in this Circular or for the omission of any material information, for which it is not responsible.

RFC Ambrian Limited (“**RFC Ambrian**”), which is authorised and regulated in the United Kingdom by the FCA, is the Company’s broker for the purposes of the AIM Rules. RFC Ambrian is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of RFC Ambrian nor for providing advice in relation to the contents of this Circular or any matter referred to herein. No representation or warranty, express or implied is

made by RFC Ambrian for the accuracy of any information or opinions contained in this Circular or for the omission of any material information, for which it is not responsible.

No person has been authorised to give any information or make any representations other than as contained in this Circular and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Strand Hanson, RFC Ambrian, Greenstone Resources LP or any other person. Without prejudice to the Company's obligations under the AIM Rules, the delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Circular or that the information contained herein is correct as at any time subsequent to its date.

A notice convening a General Meeting of the Shareholders of the Company to be held at 11.00 a.m. at the offices of Shakespeare Martineau LLP, 5th Floor, One America Square, Crosswall, London, EC3N 2SG on 28 August 2015 is set out in Part IV of this Circular. Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting.

**To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible but in any event not later than 11.00 a.m. on 26 August 2015. The return of a Form of Proxy will not preclude a Shareholder from attending, speaking or voting in person at the General Meeting should they so wish.**

Copies of this Circular are available from the Company's registered office from the date of this Circular until the date of the General Meeting. This Circular will also be available for download from the Company's website: <http://www.northriverresources.com/>.

### IMPORTANT INFORMATION

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or an applicable exemption from such registration requirements. The Ordinary Shares have not been, and will not be, registered under the Securities Act or under the securities legislation of any state of the United States. There will be no public offering of the Ordinary Shares in the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Greenstone Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Greenstone Placing.

This document contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the General Meeting	11.00 a.m. on 26 August 2015
Posting of this Circular	11 August 2015
General Meeting	11.00 a.m. on 28 August 2015
Announcement of the results of the General Meeting	28 August 2015
Expected date of allotment of the Tranche One Notes	17 September 2015

### Notes:

- (1) References to times in this Circular are to London, United Kingdom time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this Circular may be subject to change. If any of the above times or dates should change, the details of the revised times and/or dates will be notified by an appropriate announcement via a regulatory information service but Shareholders may not receive any further written communication.

## PLACING STATISTICS<sup>6</sup>

Market price per existing Ordinary Share <sup>1</sup>	0.28 pence
Number of existing Ordinary Shares in issue <sup>2</sup>	1,915,875,310
Conversion Price under the Convertible Loan Notes	the lower of the Issue Price converted into US\$ applying the FT Exchange Rate and US\$0.0046413
Gross proceeds of the Greenstone Placing <sup>3</sup>	US\$1.2 million
Estimated net proceeds of the Greenstone Placing <sup>3,4</sup>	US\$800,000
Gross proceeds of the Placing and Open Offer <sup>5</sup>	US\$4.0 million

### Notes:

- (1) The closing mid-market price on 7 August 2015 derived from the official daily list, being the last practicable Business Day prior to publication of this Circular.
- (2) As at the close of business on 7 August 2015, being the last practicable Business Day prior to the publication of this Circular.
- (3) Subject to approval of the Resolution and subject to the Conditions being satisfied or waived and assuming the Underwriting Facility is not required.
- (4) The total expenses of, or incidental to, the Greenstone Placing which are payable by the Company are estimated to amount to approximately US\$400,000 (including the US\$200,000 fee payable to Greenstone as described in paragraph A8 of Part II of this Circular) or approximately 10 per cent. of the Greenstone Placing including the Underwriting Facility.
- (5) If the Resolution is approved and the Greenstone Placing proceeds, the Placing and Open Offer will, when launched and subject to the Conditions being satisfied or waived, be fully underwritten by Greenstone in accordance with the terms of the Subscription Agreement. This gross figure includes the amount to be received by the Company pursuant to the Greenstone Placing.
- (6) Share prices and premiums have been derived from the official daily list and represent the closing mid-market prices on the relevant date.

## DIRECTORS, SECRETARY AND ADVISORS

<b>Directors</b>	Brett Richards ( <i>Senior Independent Director &amp; Interim Chairman</i> ) James Beams ( <i>Chief Executive Officer</i> ) Keith Marshall ( <i>Independent Non-Executive Director</i> ) Ken Sangster ( <i>Independent Non-Executive Director</i> ) Mark Thompson ( <i>Independent Non-Executive Director</i> ) Ding Chan ( <i>Non-Executive Director</i> ) Mark Sawyer ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Ben Harber Shakespeare Martineau LLP One America Square Crosswall London EC3N 2SG
<b>Registered office</b>	One America Square Crosswall London EC3N 2SG
<b>Nominated Adviser</b>	Strand Hanson Ltd 26 Mount Row London W1K 3SQ
<b>Broker</b>	RFC Ambrian Limited Level 5, Condor House 10 St Paul's Churchyard London EC4M 8AL
<b>Solicitors to the Company as to English law</b>	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB
<b>Auditors to the Company</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W1YW
<b>Registrars</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

The following definitions apply throughout this Circular, except where the context requires otherwise:

<b>"2014 Investment Agreement"</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular
<b>"AIM"</b>	the AIM market operated by the London Stock Exchange
<b>"AIM Rules"</b>	the rules for AIM companies as issued by the London Stock Exchange from time to time governing, <i>inter alia</i> , the admission of securities to AIM
<b>"Articles"</b>	the articles of association of the Company, in force from time to time
<b>"Board" or "Directors"</b>	the board of directors of the Company, whose names are set out in Part I of this Circular
<b>"Business Day"</b>	any day (excluding Saturdays, Sundays and public holidays) on which banks are open in the City of London for the conduct of normal banking business
<b>"Circular"</b>	this document including all attachments and enclosed papers
<b>"Code"</b>	the UK Takeover Code on Takeovers and Mergers
<b>"Company"</b>	North River Resources PLC, a company incorporated in England and Wales with registered number 5875525, whose registered office is at One America Square, Crosswall, London, EC3N 2SG
<b>"Conditions"</b>	means the conditions applicable to the Tranche One Notes and the Underwriting Facility as more fully described in paragraph 2 of Part I of this Circular
<b>"Convertible Loan Notes"</b>	means the unsecured 10 per cent. convertible loan notes 2018 to be issued to Greenstone in accordance with the terms of the Convertible Loan Note Instrument and Subscription Agreement, subject to the Resolution being approved at the General Meeting and satisfaction or waiver of the Conditions
<b>"Convertible Loan Note Instrument"</b>	means the convertible loan note instrument to be executed by the Company, subject to approval of the Resolution at the General Meeting, constituting the Convertible Loan Notes
<b>"Conversion Price"</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>"CREST"</b>	the relevant system for the paperless settlement of trades and the holding of uncertified securities (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
<b>"DFS"</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular
<b>"FCA"</b>	Financial Conduct Authority
<b>"FEED"</b>	has the meaning given to that term in paragraph 7 of Part I of this Circular
<b>"Final Tranches"</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular

<b>“Form of Proxy”</b>	as included in the notice of General Meeting being Part IV of this Circular
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“FT Exchange Rate”</b>	means the exchange rate from £ to US\$ quoted in the Financial Times on the Business Day immediately prior to the date on which the Company first makes an announcement setting out the terms of the Open Offer and the Placing
<b>“General Meeting”</b>	the meeting of the Company to be held at 11.00 a.m. at the offices of Shakespeare Martineau LLP, 5th Floor, One America Square, Crosswall, London, EC3N 2SG on 28 August 2015
<b>“GFSC”</b>	has the meaning given to that term in paragraph 8 of Part I of this Circular
<b>“GML”</b>	has the meaning given to that term in paragraph 8 of Part I of this Circular
<b>“Greenstone”</b>	Greenstone Resources L.P. (No, 1911) a limited partnership registered in Guernsey and whose registered office is at 1 <sup>st</sup> Floor Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX
<b>“Greenstone Placing”</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>“Group”</b>	the Company and its subsidiaries as at the date of this Circular
<b>“Independent Directors”</b>	each of Brett Richards, James Beams, Mark Thompson, Keith Marshall, Ken Sangster and Ding Chan
<b>“Issue Price”</b>	has the meaning given to the term in paragraph 1 of Part I of this Circular
<b>“Issued Share Capital”</b>	the issued share capital of the Company from time to time, being 1,915,875,310 Ordinary Shares as at the date of this Circular
<b>“London Stock Exchange”</b>	London Stock Exchange Plc
<b>“Mandatory Offer”</b>	has the meaning given to that term in paragraph 3 of Part I of this Circular
<b>“Mining Licence”</b>	a mining licence in respect of a defined area of land, which is situated within the wider prospecting area covered by the exploration licence EPL2902 held by the Company in relation to the Namib Project, for which an application is pending
<b>“Ministry”</b>	has the meaning given to that term in paragraph 7 of Part I of this Circular
<b>“Namib Project”</b>	the Company’s Namib Lead Zinc project located in Namibia
<b>“Open Offer”</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>“Ordinary Shares”</b>	the ordinary shares of 0.2 pence each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Phase One Fundraising”</b>	has the meaning given to that term in paragraph 7 of Part I of this Circular
<b>“Phase Two Fundraising”</b>	has the meaning given to that term in paragraph 7 of Part I of this Circular

<b>“Placing”</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>“Qualifying Shareholders”</b>	means Shareholders other than those in respect of whom the Directors consider that extending the Open Offer is impractical
<b>“Recruitment Process”</b>	means the recruitment by the Company of a new Chief Financial Officer, a General Manager of Mining for the Namib Project and a Project Controller for the Namib Project
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (S1 2001 No. 3755) as amended
<b>“Relationship Agreement”</b>	means the relationship agreement entered into between the Company and Greenstone dated 3 July 2014
<b>“Resolution”</b>	the resolution to be tabled at the General Meeting as more fully set out in Part IV of this Circular
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Significant Interest”</b>	means an interest in voting rights representing 15 per cent. or more of the rights to vote at a general meeting of the Company attaching to Ordinary Shares
<b>“Strand Hanson”</b>	Strand Hanson Ltd, the Company’s nominated and financial adviser for the purpose of the AIM Rules
<b>“Subscription Agreement”</b>	means the subscription agreement entered into between the Company and Greenstone on 10 August 2015 relating to the Greenstone Placing
<b>“Tranche One Notes”</b>	US\$1.2 million of Convertible Loan Notes to be issued to Greenstone, as more fully described in paragraph 1 of Part I and Part II of this Circular
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Underwriting Facility”</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>“Underwriting Loan Notes”</b>	such portion of US\$2.8 million of Convertible Loan Notes for which Greenstone may be required to subscribe pursuant to the Underwriting Facility, as more fully described in paragraph 1 of Part I and Part II of this Circular
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction
<b>“Whitewash”</b>	has the meaning given to that term in paragraph 3 of Part I of this Circular
<b>“Work Programme”</b>	has the meaning given to that term in Part II of this Circular
<b>“£”</b>	pounds sterling, the lawful currency of the UK from time to time
<b>“US\$”</b>	US dollars, the lawful currency of the United States from time to time

## PART I

### LETTER FROM THE SENIOR INDEPENDENT DIRECTOR & INTERIM CHAIRMAN

# NORTH RIVER RESOURCES PLC

*(Incorporated and registered in England and Wales with registered number 5875525)*

*Directors:*

Brett Richards (*Senior Independent Director & Interim Chairman*)  
James Beams (*Chief Executive Officer*)  
Keith Marshall (*Independent Non-Executive Director*)  
Ken Sangster (*Independent Non-Executive Director*)  
Mark Thompson (*Independent Non-Executive Director*)  
Ding Chan (*Non-Executive Director*)  
Mark Sawyer (*Non-Executive Director*)

*Registered Office:*

One America Square  
Crosswall  
London  
EC3N 2SG

11 August 2015

Dear Shareholders

### **Proposed fundraising of up to US\$4.0 million to be placed with and/or underwritten by Greenstone Resources LP and Notice of General Meeting**

#### 1. **Introduction**

The Company announced on 22 July 2015 plans for two stages of fundraising. The first would provide working capital to enable ongoing development of the Namib Project through to the point at which a decision can be taken to commence construction of the mine. The second would be to fund construction of the mine and would represent the larger proportion of the total estimated requirement of US\$25-30 million. The Company announced today further details of its plans for the first stage of that fundraising, being a total amount of US\$4.0 million comprising an initial US\$1.2 million in convertible loan notes (the "**Tranche One Notes**") to be placed with Greenstone, and a placing (the "**Placing**") and open offer, open to all Qualifying Shareholders, (the "**Open Offer**") to raise US\$2.8 million. The full further amount of US\$2.8 million is to be conditionally underwritten by Greenstone (the "**Underwriting Facility**"). The Company intends to launch the Placing and Open Offer in September 2015, at which point a further circular will be issued to Shareholders inviting Qualifying Shareholders to participate in the Open Offer. The Directors believe that this fundraising will allow the Company both to continue advancement of the Namib Project towards a construction decision and to meet immediate working capital requirements. The Board believes that the development of the Namib Project is the best strategy to unlock value for all Shareholders.

The purpose of this Circular is to provide notice to Shareholders of the General Meeting to consider a resolution to authorise the Directors to issue equity securities for the purposes of the Phase One Fundraising free of statutory pre-emption rights (the "**Resolution**").

The Tranche One Notes together with the Underwriting Facility (together, the "**Greenstone Placing**"), conditionally cover the full US\$4.0 million anticipated to be required for the Phase One Fundraising through to the end of 2015 ensuring that, subject to the passing of the Resolution and the Conditions being satisfied or waived, the Company has committed funds to enable it to continue to develop the Namib Project through a construction decision, assuming that the Mining Licence is issued and Phase Two Fundraising is achieved without undue delay (it being noted that the current Work Programme nominally assumes that the Mining Licence will be issued on or before 31 October 2015). The Greenstone Placing is structured by way of two tranches of Convertible Loan Notes, comprising:

- (a) US\$1.2 million on a firm basis before expenses, subject only to Shareholder approval of the Resolution and satisfaction or waiver of the Conditions, through a placing to Greenstone of US\$1.2 million of Convertible Loan Notes (being the Tranche One Notes); and

- (b) up to US\$2.8 million on a conditional basis before expenses, subject to Shareholder approval, satisfaction or waiver of the Conditions and levels of acceptance under the Open Offer and participation in the Placing (being the Underwriting Facility), through a placing of up to US\$2.8 million of Convertible Loan Notes (the "**Underwriting Loan Notes**").

The Open Offer and Placing will both be carried out at a price (the "**Issue Price**") to be determined by the Board, in consultation with its broker, RFC Ambrian Limited, by reference to the market price of the Company's Ordinary Shares and the market conditions prior to the launch of the Open Offer and Placing.

The Convertible Loan Notes will (assuming the Resolution is approved and the Conditions are satisfied or waived) be convertible at a price equal to the lower of the Issue Price converted into US\$ applying the FT Exchange Rate and US\$0.0046413 (the "**Conversion Price**").

**The Independent Directors recommend the Resolution be approved. It will enable the provision of:**

- **immediate working capital required to allow the Company to continue as a going concern;**
- **funding for the continued advancement of the Namib Project, which is what the Board believe is currently the best strategy to unlock value for all Shareholders;**
- **the opportunity for all Qualifying Shareholders to participate in the Open Offer;**
- **funding certainty for the Company with the total funding need conditionally underwritten by the Underwriting Facility in the event that there is a shortfall in the Open Offer and/or Placing.**

**If the Resolution is not approved and/or the Conditions are not satisfied or waived, the Greenstone Placing will not proceed. Without access to the funds from the Greenstone Placing, the Company would immediately need to seek to secure alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Independent Directors are unable to provide any assurance that any alternative financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. The Independent Directors have, before entering negotiations with Greenstone, considered alternative sources of financing (including both debt and equity funding) and believe it is highly unlikely that the Company could secure funding on as favourable terms on a timely basis in such circumstances particularly given the recent downturn in commodity prices. Even if financing were immediately available and the Company were able to continue trading, the Independent Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.**

**Assuming the Open Offer and the Placing proceed to raise US\$2.8 million from investors other than Greenstone, the Tranche One Notes will be converted either fully or in part (depending on the Issue Price and the FT Exchange Rate) such that Greenstone will hold no more than 29.99 per cent. of the Issued Share Capital following the Open Offer and the Placing and such conversion.**

The background to, and reasons for, the Greenstone Placing are described in paragraph 2 of this Part I, and further details of the terms of the Subscription Agreement and Convertible Loan Note Instrument are set out in Part II of this Circular. The unanimous recommendation of the Independent Directors, and the reasons for it are, given in paragraph 12 of this Part I.

## **2. Background to and reasons for the Greenstone Placing**

As set out in the Company's announcement dated 22 July 2015, it was originally anticipated that part of the Company's equity requirement to develop the Namib Project would be met from the remainder of the conditional commitments from Greenstone as set out in the investment agreement dated 3 July 2014 (the "**2014 Investment Agreement**"). The Company has to date received two funding tranches from Greenstone, amounting to a total of US\$6.0 million. Greenstone's obligation to advance the remaining third and fourth tranches, totalling US\$6.0 million (the "**Final Tranches**"), was subject to the Company achieving a number of project milestones.

The development timeframe for the Namib Project has changed since the 2014 Investment Agreement was agreed. A Board review of the definitive feasibility study (“DFS”), which was announced in November 2014, highlighted additional work required to allow the Board to make an informed investment decision to develop the Namib Project. This review, and the resulting need for additional work, resulted in a revised development timeframe. In light of the revised development timeframe for the Namib Project, the Independent Directors concluded that the relevant project milestones, including completion of the engineering design work to the degree of accuracy required under the 2014 Investment Agreement that would allow the Board to make an informed construction decision, were not achievable before the long-stop date under the 2014 Investment Agreement of 4 October 2015. As a result, the Company and Greenstone agreed to terminate the 2014 Investment Agreement. However, Greenstone has indicated that it remains a committed Shareholder and is supportive of the Company’s development plans for the Namib Project and the next phase of work. The Board appreciates the commitment Greenstone has made, as a strategic cornerstone investor to support the Phase One Fundraising.

As noted above, the Company intends to launch the Open Offer and Placing in order to raise sufficient equity financing to see the Company through to the end of 2015 and a construction decision in relation to the Namib Project, assuming that the Mining Licence is issued and Phase Two Fundraising is achieved without undue delay (it being noted that the current Work Programme nominally assumes that the Mining Licence will be issued on or before 31 October 2015). The Company currently has total cash resources of approximately US\$500,000, and so requires additional working capital in the short term to maintain development of the Namib Project according to the current timetable.

Shareholders voted against the resolution to dis-apply statutory pre-emption rights at the Company’s annual general meeting held on 25 June 2015. As a result the Company is constrained as it does not have the authority to make any offer of Ordinary Shares to any investor (whether existing Shareholders or third party investors) without first offering such Ordinary Shares to all Shareholders, in every jurisdiction in which any Shareholder is based, in proportion to Shareholders’ existing holdings. The Company is of the view, having taken appropriate advice, that the financial and time cost of any such pre-emptive offer would be prohibitive, and that any such fully pre-emptive offer is therefore not practicable at this time.

The Company, having reviewed current weak commodity market conditions and following consultation with its broker, RFC Ambrian Limited, has also determined that, in order that Qualifying Shareholders have adequate time to participate in an Open Offer and that the Company can most effectively market the issue to investors, it would not be appropriate to launch the Placing and Open Offer during the summer period. As such it is currently intended that the Placing and Open Offer will be launched in September 2015.

Consequently, the Company has requested Greenstone, and Greenstone has agreed, to commit to enter into the Greenstone Placing. Subject to Shareholder approval of the Resolution and the satisfaction or waiver of the Conditions, the Greenstone Placing secures a commitment for the required funds and provides a cash injection so that progress on the Namib Project (as set out in paragraph 7 below) can be continued while the Company prepares for the Placing and Open Offer. The preparation includes obtaining the relevant Shareholder approvals by virtue of the Resolution to allow an Open Offer to be made in a cost efficient and practical manner (as set out above). Further, the Greenstone Placing conditionally underwrites the entire funding requirement of the additional US\$2.8 million and provides funding certainty for advancement of the Namib Project and ongoing working capital needs regardless of the outcome of the Placing and the Open Offer.

The Company has therefore reached agreement with Greenstone as to the terms on which Greenstone is willing to provide a minimum of US\$1.2 million, and up to a total of US\$4.0 million, by:

- (a) subscribing for US\$1.2 million of Convertible Loan Notes, convertible at the Conversion Price, conditional on Shareholders approving the Resolution and satisfaction or waiver of the Conditions, with such subscription to occur within approximately 14 Business Days after approval of the Resolution (being the Tranche One Notes); and
- (b) agreeing to underwrite the Open Offer and Placing through the potential subscription for additional Convertible Loan Notes, also convertible at the Conversion Price, up to a total maximum amount (excluding the Tranche One Notes) of US\$2.8 million subject to the Resolution being approved and satisfaction or waiver of the Conditions (being the Underwriting Facility).

Assuming the Open Offer and the Placing proceed to raise US\$2.8 million from investors other than Greenstone, the Tranche One Notes will be converted either fully or in part (depending on the Issue Price and the FT Exchange Rate) such that Greenstone will hold no more than 29.99 per cent. of the Issued Share Capital following the Open Offer and the Placing and such conversion.

Under the terms of the Greenstone Placing, Greenstone may deduct from the Tranche One Notes amount (being US\$1.2 million) (on payment thereof in accordance with the terms of the Subscription Agreement) the sum of US\$200,000 (being 5 per cent. of the total amount of Greenstone's commitment of US\$4.0 million pursuant to the Greenstone Placing) in consideration for the obligations of Greenstone under the Subscription Agreement.

Completion of the Greenstone Placing is conditional on the Resolution being approved by Shareholders and is subject to the satisfaction or waiver of the following conditions (which apply equally to the issue of the Tranche One Notes and any Underwriting Loan Notes):

- (a) no material change having occurred prior to the date of the relevant subscription as to the business, assets, capital structure or prospects of the Company, in the reasonable opinion of Greenstone; and
- (b) nothing having occurred or failed to occur which amounts to an event of default pursuant to the terms of the Convertible Loan Note Instrument (as summarised in Part II of this Circular), or would do so if at the time of the occurrence or failure in question the Convertible Loan Note Instrument had been executed (conditions (a) and (b) together being the "**Conditions**").

Greenstone has the sole right to determine whether the Conditions have been satisfied or have become incapable of satisfaction.

As noted in (b) above, the Convertible Loan Notes are subject to certain events of default, which are more fully summarised in Part II of this Circular.

The terms of the Greenstone Placing are set out in more detail in Part II of this Circular.

### 3. The Code

The Company is a public company incorporated in England and its Ordinary Shares are admitted to trading on AIM. Accordingly, the Code applies to the Company.

Under Rule 9 of the Code, where: (i) any person acquires an interest in shares (as defined in the Code) which, when taken together with shares in which he or persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Code; or (ii) any person who, together with persons acting in concert with him, is interested in not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company subject to the Code and such person, or persons acting in concert with him, acquires further interests in shares which increase his percentage of the voting rights, such persons are normally obliged to make a general offer to all the remaining shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months (a "**Mandatory Offer**").

As stated above, assuming the Open Offer and the Placing proceed to raise US\$2.8 million from investors other than Greenstone, the Tranche One Notes will be converted either fully or in part (depending on the Issue Price and the FT Exchange Rate) such that Greenstone will hold no more than 29.99 per cent. of the Issued Share Capital following the Open Offer and the Placing and such conversion.

Greenstone currently holds approximately 29.48 per cent. of the Issued Share Capital. Greenstone may have the ability to increase its shareholding significantly above 30 per cent. or, possibly, 50 per cent. of the then Issued Share Capital on any conversion of the Tranche One Notes, Underwriting Loan Notes, and any further Convertible Loan Notes arising from settlement of unpaid interest by the issue of further Convertible Loan Notes in accordance with the Convertible Loan Note Instrument. However, this would require that, among other things: (i) the Placing and the Open Offer are not fully subscribed to raise US\$2.8 million; and (ii) the Underwriting Facility is therefore required to be used.

In certain circumstances it is possible to seek a waiver from the Panel of the obligation to make a Mandatory Offer. Such a waiver would require the approval of a majority of the independent shareholders of the relevant company, excluding the party seeking the waiver (a “Whitewash”).

The process of obtaining a Whitewash is costly and time-consuming and would be likely to slow up the process of raising much needed finance for the Company in the short term. Accordingly, Greenstone has requested the Company not to seek a Whitewash, and accepts that any conversion of the Convertible Loan Notes which causes Greenstone’s shareholding to increase to 30 per cent. or more of the then Issued Share Capital will trigger a requirement on Greenstone to make a Mandatory Offer at the highest price paid by Greenstone for any interest in Ordinary Shares in the previous 12 months.

The Greenstone Placing is conditional on the Resolution being approved by Shareholders, so that Shareholders (including Greenstone) do have the ability to consider, and vote on, the Resolution having regard to the terms of the Greenstone Placing.

#### **4. Relationship Agreement**

Pursuant to the Relationship Agreement (entered in to at the same time as the 2014 Investment Agreement and which remains in force for such time that Greenstone (or any member of its group) retains a Significant Interest in the Company) certain restrictions are placed on Greenstone. These include (but are not limited to) a requirement for all agreements between the Company and Greenstone (or its group) to be concluded on an arm’s length basis, an undertaking not to influence or seek to influence the running of the Company or any member of the Group at an operational level (without the consent of the Company’s chief executive officer), an undertaking not to exercise voting rights to seek or procure any amendment to the Articles which would be inconsistent with the terms of the Relationship Agreement, and usual orderly market restrictions.

Greenstone also enjoys certain benefits and protections pursuant to the Relationship Agreement. These include (but are not limited to) the right to appoint a director to the Board whilst Greenstone (or any member of its group) holds a Significant Interest, the right for the Greenstone-nominated director to join certain committees of the Company, a right to participate in any issue of equity carried out by the Company so as to maintain Greenstone’s percentage shareholding, and certain marketing rights in relation to the products produced by the Company’s projects (including, without limitation, the Namib Project).

Greenstone may, upon conversion of the Convertible Loan Notes, be entitled to increased marketing rights under the Relationship Agreement. Under the Relationship Agreement, Greenstone will have the right, from 3 July 2017, being the third anniversary from the date of the Relationship Agreement, and for so long as it holds an interest in voting rights representing 15 per cent. or more of the rights to vote at a general meeting of the Company, to nominate potential customers and be afforded the opportunity to negotiate and purchase on an arm’s length basis and on terms no less favourable to the Company than those offered to third parties a proportion of the Company’s mineral production, equal to its interest in such voting rights. Therefore, for so long as such right exists, any conversion of Convertible Loan Notes will increase such right.

With effect from the issue of the Tranche One Notes, which is conditional on the Resolution being passed and the Conditions being satisfied or waived, the Relationship Agreement will be amended; details of the proposed changes are set out in paragraph A5 of Part II of this Circular.

#### **5. Related Party Transaction**

Greenstone is a related party of the Company for the purposes of the AIM Rules by virtue of its shareholding. In such circumstances, the Independent Directors are required by the AIM Rules, in consultation with Strand Hanson, the Company’s nominated adviser under the AIM Rules, to consider the proposals and reach an opinion as to whether the terms of the transaction are fair and reasonable insofar as Shareholders are concerned.

The Independent Directors have considered other sources of funding before entering into negotiations and ultimately reaching agreement with Greenstone. In general terms, raising debt or equity finance for pre-production mining ventures has become more and more difficult over the last five years, as both debt and equity investors have increasingly turned away from the sector and commodity prices have continued to weaken. The Independent Directors have considered other alternative sources of funding, including bank

debt and private equity, and have concluded that such alternatives would not be available to the Company, within the required timeframe, on terms more beneficial than those offered by Greenstone.

The Company has been successful in the past in raising small tranches of equity funding of around US\$1.0 million from equity investors. However, the Independent Directors believe that the Company's near term funding requirements are such that a larger raise is necessary to allow management to commit to reaching a construction decision. The Greenstone Placing:

- secures US\$1.2 million in the relative short term, subject to Shareholder approval and satisfaction or waiver of the Conditions, which will allow management to progress project development whilst the Placing and Open Offer is prepared and launched;
- provides certainty as to the proceeds of the Placing and Open Offer; and
- demonstrates the confidence that the Independent Directors and Greenstone have in the Namib Project, which the Independent Directors hope will encourage other investors to take up the US\$2.8 million to be offered in the Placing and Open Offer.

Accordingly, the Independent Directors consider, having consulted with Strand Hanson, that the terms of the Greenstone Placing are fair and reasonable insofar as Shareholders are concerned.

## 6. Consequences of failure to approve the Resolution

**If the Resolution is not approved and/or the Conditions are not satisfied or waived, the Greenstone Placing will not proceed. Without access to the funds from the Greenstone Placing, the Company would immediately need to seek to secure alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Independent Directors are unable to provide any assurance that any alternative financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. The Independent Directors have, before entering negotiations with Greenstone, considered alternative sources of financing (including both debt and equity funding) and believe it is highly unlikely that the Company could secure funding on as favourable terms on a timely basis in such circumstances particularly given the recent downturn in commodity prices. Even if financing were immediately available and the Company were able to continue trading, the Independent Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.**

## 7. Update on the Company

As set out in the announcement made by the Company on 22 July 2015, the Company submitted its application for a Mining Licence in April 2014 while working through the final phase of the 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 Namib Project.

The Company advanced these studies during the first half of 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 receipt of up to US\$4.0 million of funding, the Company expects to be in a position to complete these phases of work during the fourth quarter of 2015, which will be sufficient to support an investment decision on the Namib Project.

The Company is cognisant that the above constitutes a revised timeline to project development of the Namib Project. The requirement to complete these additional studies, alongside discussions with the Ministry of Mines and Energy in Namibia (the "Ministry") 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 Honourable 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 Mining Licence application and remains confident that the Mining Licence will be granted in due course, but this cannot be guaranteed.

In light of the above, the Company has devised a revised funding strategy for the Namib Project. Subject to timing of commencing construction and the definitive capital requirement estimate post completion of early engineering and design, the Company estimates a total funding requirement of between US\$25 million and US\$30 million through to expected project commissioning of the Namib Project. It is the Company's intention that this financing will be structured in two phases:

- (a) an initial equity fundraising of US\$4.0 million to cover the short term working capital required for initial FEED, early development of the Namib Project's 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 ("**Phase One Fundraising**"). This is intended to finance the Company to take the Namib Project through to the end of 2015 and a construction decision, assuming that the Mining Licence is issued and Phase Two Fundraising is achieved without undue delay (it being noted that the current Work Programme nominally assumes that the Mining Licence will be issued on or before 31 October 2015); and
- (b) a second fundraising, subject to the formal grant and issue of the Mining Licence by the Namibian authorities, which will comprise both debt and equity, and which will cover the cost of construction and an ongoing resource expansion drilling programme ("**Phase Two Fundraising**").

Should the Resolution be approved by Shareholders and the Conditions be satisfied or waived, the Greenstone Placing and the Open Offer and Placing will together comprise the Phase One Fundraising.

As noted above, the Company has an immediate funding requirement which it aims to address through the issue of the Tranche One Notes pursuant to the Greenstone Placing (conditional on Shareholders approving the Resolution and the Conditions being satisfied or waived).

Subject to Shareholders approving the Resolution, the balance of the funds required under the Phase One Fundraising will be raised pursuant to the Open Offer and Placing, which itself is being conditionally fully underwritten by the Underwriting Facility pursuant to the Greenstone Placing. It is the Company's intention that the Open Offer and Placing will be launched during September 2015. The Company looks forward to updating Shareholders in due course as to the terms of, and definitive timetable for, the Open Offer and Placing.

Assuming the Open Offer and the Placing proceed to raise US\$2.8 million, the Tranche One Notes will be converted either fully or in part (depending on the Issue Price and the FT Exchange Rate) such that Greenstone will hold no more than 29.99 per cent. of the Issued Share Capital following the Open Offer and the Placing and such conversion, and no further Convertible Loan Notes will be issued.

While the Company believes that the total amount of US\$4.0 million proposed to be raised pursuant to the Open Offer and the Placing, including the Greenstone Placing, should be sufficient for the Phase One Fundraising provided that the Mining Licence is issued and Phase Two Fundraising is achieved without undue delay, it is possible that additional working capital may be required if there are delays or unexpected costs and/or if the Company is not permitted to disburse funds raised pursuant to the Greenstone Placing (which are limited to purposes stated in the Work Programme) in respect of any of its costs. It is noted that the Company has been engaging with multiple parties in order to prepare for the inclusion of a debt package into the Namib Project's Phase Two Fundraising package at the point of a construction decision. While conversations with debt providers continue to progress, it is clear that the availability of debt for the sector is becoming tougher to obtain due to weak commodity prices, even for commodities with positive fundamentals such as zinc and lead. The Company is conscious that there is no guarantee that debt finance will be available at the relevant time and as such is aware of the need to make the necessary provisions for this in its financing strategy. On completion of the FEED phase the Company intends to progress debt discussions as a priority and will update its Shareholders on the outcomes of this process, as well as the other financing instruments that are being considered. The Company is therefore proposing to obtain additional authority pursuant to the Resolution to raise further equity of up to a further US\$2.0 million for working capital purposes free from statutory pre-emption rights.

## 8. Information regarding Greenstone

Greenstone was established in Guernsey, Channel Islands on 16 July 2013 and was registered with the Guernsey Financial Services Commission (“GFSC”) as a closed ended investment fund on 8 August 2013. Greenstone was established with the purpose to pursue investments in post-exploration metals and mining projects (from pre-feasibility study through to production stages) in both developed and emerging markets. Greenstone’s manager and general partner is Greenstone Management Limited (“GML”), a non-cellular Guernsey company limited by shares. GML’s directors are Michael Haworth, Mark Sawyer, Sadie Morrison and Jo-Anna Duquemin-Nicolle. GML is licensed by the GFSC to carry out the activities of Promotion, Subscription, Registration, Dealing, Management, Administration and Advising with registration number 2103131. Investment decisions relating to Greenstone are taken by GML.

## 9. General Meeting

A notice convening the General Meeting to be held at 11.00 a.m. at the offices of Shakespeare Martineau LLP, 5<sup>th</sup> Floor, One America Square, Crosswall, London, EC3N 2SG on 28 August 2015 is set out in Part IV of this Circular. At the General Meeting, Shareholders will be asked to consider the Resolution, which must be passed in order to effect the Greenstone Placing, the Open Offer and the Placing, as well as to give the Company authority to raise further equity for working capital purposes should this be required. The text of the Resolution is set out in the notice set out in Part IV of this Circular.

The Resolution is required in order to give the Directors (and, where appropriate, the Independent Directors) authority to issue and allot equity securities pursuant to the Greenstone Placing, the Open Offer and the Placing free of statutory pre-emption rights. Although the level of pre-emption waiver sought pursuant to the Resolution represents, in theory, a maximum number of 3 billion equity securities (as at the date of this Circular), this pre-emption waiver is strictly limited to:

- (a) the issue of an initial US\$1.2 million of Convertible Loan Notes and up to a further US\$2.8 million of Convertible Loan Notes (pursuant to the Greenstone Placing and Underwriting Facility, should it be required in full), and any further Convertible Loan Notes arising from settlement of unpaid interest by the issue of further Convertible Loan Notes in accordance with the Convertible Loan Note Instrument;
- (b) the issue of Ordinary Shares on any conversion of the Convertible Loan Notes at the Conversion Price;
- (c) the issue of Ordinary Shares pursuant to the Open Offer at the relevant Issue Price in a manner which, due to regulatory constraints, is not fully pre-emptive;
- (d) the issue of Ordinary Shares pursuant to the Placing at the relevant Issue Price; and
- (e) new Ordinary Shares to raise up to US\$2.0 million, which may be issued by the Directors prior to the Company’s next annual general meeting (should the Company need to issue further Ordinary Shares during this time for working capital purposes).

Pursuant to the Resolution, the Directors (and, where appropriate, the Independent Directors) will, assuming the Resolution is passed, have authority to allot the equity securities described in (a) to (e) (inclusive) above, free of statutory pre-emption rights. The number of Ordinary Shares to be issued pursuant to the authority to be conferred by the Resolution (assuming it is approved) cannot, currently, be specified. This is because:

- (i) the number of Ordinary Shares resulting on conversion of the Convertible Loan Notes will depend on the Conversion Price (being the lower of the Issue Price converted into US\$ applying the FT Exchange Rate and US\$0.0046413, which is yet to be determined) and whether any Convertible Loan Notes may be issued to settle unpaid interest; and
- (ii) the Issue Price has not yet been set; this will be determined by reference to the market value of the Company’s Ordinary Shares at the time the Open Offer and Placing are launched.

**Notwithstanding this, the Resolution, if it is approved, will not confer blanket authority on the Board to issue 3 billion Ordinary Shares free of statutory pre-emption rights. The Resolution only authorises**

those issues set out in (a) to (e) inclusive above free of statutory pre-emption rights and it is highly unlikely that these would fully utilise the full authority except in extreme circumstances where the Placing and Open Offer raises no money, the Underwriting Facility is called in full, the Company fails to pay any interest on the Convertible Loan Notes, there are some very unfavourable exchange rate movements prior to launch of the Placing and Open Offer and the full amount of additional working capital of US\$2.0 million is required. Any proposed issue of Ordinary Shares free of pre-emption rights in addition to the issues set out in (a) to (e) (inclusive) above, including any issue of Ordinary Shares in connection with the Phase Two Fundraising, will require further prior Shareholder approval.

#### 10. Use of Proceeds of the Greenstone Placing

As agreed pursuant to the Subscription Agreement, the proceeds of the Greenstone Placing (assuming the Resolution is approved and the Conditions are satisfied or waived) shall be used, for the purposes stated in the Work Programme (which nominally assumes that the Mining Licence will be issued on or before 31 October 2015). This includes, among other things, to cover the costs through to the end of 2015 and a construction decision for FEED on the revised process flow sheet, early development of the Namib Project's 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 and the initial recruitment required to advance the Namib Project. The Board will only be able to take a decision to commence construction once the Mining Licence has been received, appropriate financing to cover the costs of construction (by way of the Phase Two Fundraising) has been agreed and subject to an assessment of the economics of the Namib Project at the time. The proceeds will also cover general corporate overheads and costs associated with fundraising, including the costs related to the Phase One Fundraising.

#### 11. Irrevocable Undertakings

As at the date of this Circular, the Company has received the following irrevocable undertakings to vote in favour of the Resolution:

<i>Name</i>	<i>Number of Ordinary Shares irrevocably committed</i>	<i>Percentage of Issued Share Capital</i>
Greenstone	564,858,446	29.48 per cent.
Brett Richards	15,049,067	0.79 per cent.
Mark Thompson	28,571,429	1.49 per cent.
<b>Total</b>	<b>608,478,942</b>	<b>31.76 per cent.</b>

#### 12. Recommendation

In considering whether the terms of the Greenstone Placing are fair and reasonable, the Independent Directors, with advice from Strand Hanson, have had regard to various factors, including (without limitation) the following:

- (a) **Immediate funding requirement** – as noted above, the Company has an immediate funding requirement in the amount of US\$1.2 million. Subject to approval of the Resolution and the Conditions being satisfied or waived, the issue of the Tranche One Notes satisfies that requirement on terms which the Independent Directors consider to be in line with market norms for financings of this nature. **Without access to these funds the Company is unlikely to be able to survive in its present form, if at all, and administration, or some other form of insolvency proceedings, may be inevitable.**
- (b) **Value of the Underwriting Facility** – the Company is of the view that, in order to progress with its expenditure plans under the Work Programme in a timely fashion, the Company needs to have committed funding for these expenditure plans as soon as possible such that orders and works can be progressed. In addition, for Shareholders and potential investors to be confident that the Company is funded for its working capital requirements up to a construction decision, it is beneficial to have

secured, through the Greenstone Placing, a conditional commitment to fund the US\$4.0 million prior to the launch of the Open Offer and Placing. It is hoped that the Greenstone Placing will encourage participation in the Open Offer and Placing, such that recourse to the Underwriting Facility will be minimal as there is less risk of a funding shortfall (although this cannot be guaranteed). The Greenstone Placing provides the underwriting commitment on terms which the Independent Directors consider to be in line with market norms. In addition, the Greenstone Placing demonstrates to the Shareholders and potential investors Greenstone's continued support for the Company following termination of the 2014 Investment Agreement.

- (c) **Alternative funding options if the Greenstone Placing does not proceed** – without the Greenstone Placing there is significant uncertainty as to whether the Company would be able survive in its present form.
- (d) **Ability for Shareholders to consider the terms of the Greenstone Placing and vote on the Resolution** – As noted above, Greenstone is not seeking a Whitewash in relation to the Convertible Loan Notes. However, the Greenstone Placing is conditional on the Resolution being approved by Shareholders, and therefore Shareholders (including Greenstone) have the opportunity to consider, and vote on, the Resolution having regard to the terms of the Greenstone Placing. The Independent Directors therefore consider that Shareholders are being given appropriate opportunity to consider, and vote on, the Greenstone Placing.
- (e) **Conditionality of the Greenstone Placing and events of default** – Completion of the Greenstone Placing is subject to the Conditions being waived or satisfied (as more fully described in paragraph 2 of Part I of this Circular). The Convertible Loan Notes are also subject to a number of events of default, as more fully summarised in Part II of this Circular.
- (f) **Greenstone fee and interest on the Convertible Loan Notes** – as more fully set out in Part II to this Circular, the Convertible Loan Notes bear compound interest at a rate of 10 per cent. per annum. In addition, under the terms of the Greenstone Placing, Greenstone may deduct from the Tranche One Notes amount (being US\$1.2 million) (on payment thereof in accordance with the terms of the Subscription Agreement) the sum of US\$200,000 (being 5 per cent. of the total amount of Greenstone's commitment of US\$4.0 million pursuant to the Greenstone Placing) in consideration for the obligations of Greenstone under the Subscription Agreement.

Pursuant to the terms of the Subscription Agreement and Convertible Loan Notes, the Tranche One Notes will, either in full or in part, convert automatically into new Ordinary Shares on completion of the proposed Open Offer and Placing, but only so far as will not cause Greenstone to hold more than 29.99 per cent. of the then Issued Share Capital. Any such conversion will reduce the total amount of the Convertible Loan Notes outstanding, and the amount on which the Company pays interest.

Furthermore, depending on the level of acceptances under the Open Offer and participation in the Placing, the Underwriting Facility may not be required in full or at all. The fewer Convertible Loan Notes that are issued, the smaller the amount of interest accruing thereon.

- (g) **Potential for Greenstone to trigger a Mandatory Offer** – as noted above, any conversion of the Convertible Loan Notes which causes Greenstone's shareholding to reach 30 per cent or more of the then Issued Share Capital will trigger a requirement for Greenstone to make a Mandatory Offer. Depending when any such requirement to make a Mandatory Offer is triggered, the offer price prescribed by the Code may be the Conversion Price or a higher price. However, Greenstone's maximum total shareholding would be the same, following conversion of the Convertible Loan Notes without a Whitewash as it would have been with a Whitewash and, unlike following a Whitewash, Greenstone will be required to make a Mandatory Offer on conversion of the Convertible Loan Notes if such conversion causes Greenstone to hold 30 per cent. or more of the then Issued Share Capital. Shareholders will, therefore, have the opportunity to accept or reject any such Mandatory Offer (if required to be made) as they wish depending on the then prevailing price per Ordinary Share and other relevant circumstances at that time.

**The Independent Directors consider the Resolution to be in the best interests of the Company and its Shareholders as a whole.**

**Accordingly, the Independent Directors unanimously recommend that the Shareholders vote in favour of the Resolution, as the Independent Directors intend to do so in respect of their own beneficial holdings and those of their connected persons.**

The Independent Directors consider, having consulted with Strand Hanson, that the terms of the Greenstone Placing are fair and reasonable insofar as Shareholders are concerned.

**Further Information**

Your attention is drawn to the Risk Factors relating to the Greenstone Placing set out in Part III of this Circular.

Yours faithfully,

**Brett Richards**

*Senior Independent Director & Interim Chairman*

## PART II

### TERMS OF THE GREENSTONE PLACING

The following summarises the key terms of the agreements comprising the Greenstone Placing (it being noted that these summaries do not purport to present comprehensive or complete descriptions of relevant documents):

#### A. Subscription Agreement

Pursuant to the Subscription Agreement:

1. Greenstone will, subject to Shareholders approving the Resolution and satisfaction or waiver of the Conditions (which are summarised in paragraph 2 of Part I of this Circular):
  - (a) subscribe for the Tranche One Notes at par within 12 Business Days after the tranche one completion date (being approximately 14 Business Days); and
  - (b) subscribe for such number of Underwriting Loan Notes, at par, by which the Phase One Fundraising amount (being US\$4.0 million) exceeds the aggregate of: (i) the Tranche One Notes; and (ii) the gross proceeds of the Open Offer and the Placing (excluding, for the avoidance of doubt, any conversion of the Tranche One Notes) on the Business Day following the date on which the Company announces the results of the Open Offer and Placing (with payment due within approximately 12 Business Days thereafter).
2. Greenstone has the sole right to determine whether the Conditions have been satisfied or have become incapable of satisfaction.
3. Following completion of the Open Offer and the Placing, and subject to the continued satisfaction of the Conditions, Greenstone shall be required to convert (and the Company and Greenstone will agree the extent to which Greenstone shall be required to convert) the Tranche One Notes into Ordinary Shares in accordance with the terms of the Convertible Loan Note Instrument to the extent that Greenstone would, following such conversion, be interested in exactly (and no more than) 29.99 per cent. of the then Issued Share Capital. Greenstone has undertaken with the Company that, on such agreement being reached, Greenstone will promptly exercise its conversion rights attaching to the Tranche One Notes to that, and only to that, extent. In the event of any dispute between the Company and Greenstone as to the extent to which the Tranche One Notes shall be converted, such dispute will be decided by the Company's auditors.
4. The Company undertakes to Greenstone that:
  - (a) it will not knowingly do, or omit to do, anything which would result in the occurrence of an event of default under the Convertible Loan Note Instrument (as summarised in this Part II of this Circular, below);
  - (b) it will use all reasonable endeavours to progress: (i) the work programme agreed between the Company and Greenstone (the "**Work Programme**") in accordance with the timescales contained therein; and (ii) the Recruitment Process so as to conclude the same to the reasonable satisfaction of Greenstone by 30 October 2015; and
  - (c) it will not use the funds invested by Greenstone pursuant to the Greenstone Placing or received by the Company under the Open Offer and the Placing for any purposes other than the purposes set out in the Work Programme without Greenstone's prior written consent.

5. The parties agree that the Relationship Agreement shall, with immediate effect from the time any Convertible Loan Notes are issued, be amended such that the existing restrictions on acquisitions by Greenstone and its group contained therein (which apply for such time as Greenstone holds a Significant Interest) are deleted and replaced with the following restrictions, which shall apply for such time as Greenstone holds a Significant Interest):
- (a) Greenstone agrees that it shall not acquire any interest in Ordinary Shares at any time prior to conversion, repayment or redemption in full of the Convertible Loan Notes except:
- (i) pursuant to the terms of the Subscription Agreement and the Convertible Loan Note Instrument;
  - (ii) on any conversion of Convertible Loan Notes (in full or in part) by Greenstone in accordance with the terms of the Convertible Loan Note Instrument;
  - (iii) pursuant to any acquisition by Greenstone of Ordinary Shares from other shareholders of the Company as a result of any Mandatory Offer required to be made, and duly made, by Greenstone in accordance with Rule 9 of the Code following any conversion of Convertible Loan Notes (in full or in part) by Greenstone in accordance with the terms of the Convertible Loan Note Instrument;
  - (iv) pursuant to any exercise by Greenstone of its rights under the Relationship Agreement to participate pro-rata in any future issue of Ordinary Shares carried out by the Company; or
  - (v) pursuant to a voluntary offer by Greenstone made in accordance with the Code or the obtaining of undertakings from other shareholders to accept such an offer if made, or pursuant to market purchases of Ordinary Shares (where permitted by the Code) following the announcement by Greenstone of a firm intention to make such a voluntary offer for the Company;
- (b) Greenstone further agrees not to acquire Ordinary Shares at any time after the conversion, repayment or redemption in full of the Convertible Loan Notes if such acquisition would increase its aggregate shareholding by more than one (1) per cent. of the then total Issued Share Capital without giving the Company prior written notice (so that the Company can make the necessary disclosures regarding shareholders' shareholdings required by law) except in the circumstances set out in 5(a)(iii) to 5(a)(v) above.

The restrictions set out in (a) above will cease to apply: (i) following conversion, repayment or redemption in full of the Convertible Loan Notes; and (ii) in the event that Greenstone has, in compliance with (a) or (b) above, acquired a majority of the Ordinary Shares in issue.

The Company and Greenstone have agreed that, in the event that the Company issues Ordinary Shares to a third party which, following such issue, represents 15 per cent. or more of the then Issued Share Capital, the Company will disclose to Greenstone the precise terms of any restrictions accepted by such third party on the acquisition of additional Ordinary Shares, and Greenstone may elect that such provisions applying to the third party apply equally to Greenstone, rather than the restrictions set out in (a) and (b) above.

6. The Company and Greenstone give certain warranties to each other regarding due incorporation and capacity. The Company gives additional warranties to Greenstone (including, but not limited to, warranties regarding the assets, business and financial position of the Company). The Company's liability under such additional warranties is limited.
7. Greenstone is entitled to deduct its professional and other costs, charges and expenses relating to the negotiation, execution and implementation of the Subscription Agreement and Convertible Loan Note Instrument from any amounts payable by Greenstone under the Subscription Agreement, subject to providing reasonable evidence of such costs, charges and expenses.
8. The Company further agrees that Greenstone may deduct from the Tranche One Notes amount (being US\$1.2 million) (on payment thereof in accordance with the terms of the Subscription Agreement) the sum of US\$200,000 (being 5 per cent. of the total amount of Greenstone's commitment of US\$4

million pursuant to the Greenstone Placing) in consideration for the obligations of Greenstone under the Subscription Agreement.

The Subscription Agreement is governed by English law, and the parties have irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales.

## **B. Convertible Loan Note Instrument**

1. The Convertible Loan Note Instrument constitutes up to US\$4.0 million of Convertible Loan Notes, plus further Convertible Loan Notes in respect of unpaid interest as noted in paragraph B6 of this Part II of this Circular below.
2. The Convertible Loan Notes shall be convertible at the Conversion Price (being the lower of Issue Price converted into US\$ applying the FT Exchange Rate and US\$0.0046413). Save as referred to in paragraph A3 of this Part II, the Company is not entitled to require conversion of the Convertible Loan Notes to any extent.
3. The Ordinary Shares to be issued on any conversion of the Convertible Loan Note Instrument will rank pari passu with the fully paid Ordinary Shares of the Company on issue at the date of allotment of such new Ordinary Shares.
4. The Convertible Loan Notes will be issued, pursuant to the terms of the Subscription Agreement, in denominations and integral multiples of US\$1.00 in nominal amount (or such other multiples as the Company may permit).
5. The Convertible Loan Notes shall not be listed on AIM or any other recognised investment exchange, whether in the United Kingdom or elsewhere, however if the Convertible Loan Notes are not fully converted pursuant to the terms of the Subscription Agreement by 30 October 2015, the noteholders shall, at the request of the Company, cooperate with the Company to achieve a listing of the Convertible Loan Notes on the Channel Islands Stock Exchange.
6. The Convertible Loan Notes shall bear interest at a compound rate of 10 per cent. per annum, which shall be payable quarterly in arrears. In the event that the Company fails to pay any amount of interest when due, the noteholder may call for the Company to issue to it further Convertible Loan Notes at par in satisfaction of such liability in whole or in part by notice in writing to the Company within 40 Business Days after the relevant interest payment date. If the Company fails to pay any amount of interest or principal on any Convertible Loan Note when such amount is due then, unless and save to the extent any amount of interest is satisfied by the issue of further Convertible Loan Notes, interest at the standard 10 per cent. per annum rate, plus 2 per cent. per annum shall accrue on the unpaid amount from the due date until the date of payment.
7. The Convertible Loan Notes are repayable on the third anniversary of the date of issue of the Tranche One Notes (or, if such date is not a Business Day, the last Business Day prior to such date). On maturity, the Company will pay to the noteholder the full principal amount of the Convertible Loan Notes to be repaid (less any amounts converted, repaid or redeemed) together with any accrued interest on such Convertible Loan Notes (less any tax which the Company is required by law to deduct or withhold from such payment but subject to any grossing up required pursuant to the terms of the Convertible Loan Note Instrument) up to and including the date of payment. Save with noteholder consent, the Company does not have the right to repay the Convertible Loan Notes early.
8. The Convertible Loan Notes are subject to certain events of default, the most salient details of which are summarised below (each being an event of default):
  - (a) the Company fails to pay any principal or interest on any of the Convertible Loan Notes within 10 Business Days after the due date for payment thereof (and such failure continues for 10 Business Days after demand for payment of such sum and is not satisfied by the issue of further Convertible Loan Notes);

- (b) the Company fails duly to perform or comply with any of its obligations under the Convertible Loan Note Instrument (other than an obligation to pay principal or interest in respect of the Convertible Loan Notes) and such failure continues for 15 Business Days a request for remedy of such breach;
- (c) any indebtedness of the Company or any member of the Group to any third party not being a noteholder is not paid when due or is declared to be or otherwise becomes due and payable prior to its specified maturity or any creditor of the Company or any member of the Group becomes entitled to declare any such indebtedness due and payable prior to its specified maturity and the same is not remedied within 10 Business Days after its occurrence and such failure continues for 10 Business Days after a request for payment by the noteholder or noteholders;
- (d) the occurrence of certain insolvency events which are not cured within appropriate grace periods;
- (e) any encumbrance on or over the assets of the Company or any member of the Group (other than liens arising in the ordinary course of business) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;
- (f) the Company or any material member of the Group ceases to carry on the business it carries on at the date of the Convertible Loan Note Instrument;
- (g) any licence relating to the Namib Project is terminated for whatever reason or any act or event occurs which in the reasonable opinion of the noteholder or a majority of noteholders, may entitle the Government of Namibia to terminate such licence, in each case other than as a result of the grant of the Mining Licence;
- (h) the Company declares or pays any dividends or return of capital in respect of its issued share capital or any part thereof;
- (i) it is or becomes or will become unlawful for the Company to perform or comply with any of its material obligations under the Convertible Loan Note Instrument, or any such obligation is not or ceases to be legal, valid and binding and, if capable of remedy, such unlawfulness continues for 10 Business Days after written notice requiring remedy;
- (j) the Recruitment Process has not concluded to the reasonable satisfaction of noteholders holding a majority of notes, by 30 October 2015;
- (k) the net proceeds of the Greenstone Placing, Open Offer and the Placing being applied to any material extent without the prior written consent of noteholders holding a majority of notes, for purposes other than those set out in the Work Programme;
- (l) the Company (without the prior written consent of noteholders holding a majority of notes) failing to use such net proceeds to further the Work Programme substantially in accordance with the timescales contained therein and such failure continues after written notice has been given by a noteholders holding a majority of notes to the Company requiring the Company to remedy such failure; and
- (m) the application for the Mining Licence made in April 2014 is rejected or the Mining Licence is issued subject to conditions which in the reasonable opinion of a noteholders holding a majority of notes are unacceptable or, the Mining Licence having been issued, the Mining Licence is terminated for whatever reason or any act or event occurs which in the reasonable opinion of noteholders holding a majority of notes may entitle the Government of Namibia to terminate the Mining Licence.

At any time after an event of default has occurred, noteholders, holding a majority of the notes may, by notice to the Company, declare that all outstanding Convertible Loan Notes, accrued interest and all other amounts accrued or outstanding the Convertible Loan Note Instrument shall be immediately due and payable.

- 9. The Convertible Loan Notes are unsecured.

10. The Convertible Loan Note Instrument contains certain standard provisions, dealing with (inter alia) automatic conversion on a change of control (save where the same would trigger a Mandatory Offer), adjustment in the event of any variation of the share capital of the Company by way of capitalisation, rights issue, consolidation, subdivision or reduction of capital, the procedure for conversion of the Convertible Loan Notes, the giving of notices and the procedure for noteholder meetings.
11. The Convertible Loan Note Instrument is governed by English law, and the parties have irrevocably submitted to the exclusive jurisdiction of the courts of England and Wales.

## PART III

### TRANSACTION SPECIFIC RISK FACTORS

Prospective investors and Shareholders should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to other information contained in this Circular, the Directors consider the following risk factors are of particular relevance to Shareholders in their consideration of how to cast their vote at the General Meeting. It should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risks set out below are not presented in any order of priority.

Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if they are in the UK or, in the case of overseas investors, another appropriately authorised financial adviser.

#### RISKS RELATED TO THE GREENSTONE PLACING NOT PROCEEDING

Shareholders should note the following risk factors related to the Greenstone Placing not proceeding for any reason:

*If the Resolution is not approved, the Greenstone Placing will not proceed*

If the Resolution is not approved, the Greenstone Placing will not proceed. Without access to the funds from the Greenstone Placing, the Company would immediately need to seek to secure alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Independent Directors are unable to provide any assurance that any alternative financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. The Independent Directors have, before entering negotiations with Greenstone, considered alternative sources of financing (including both debt and equity funding) and believe it is highly unlikely that the Company could secure funding on as favourable terms on a timely basis in such circumstances particularly given the recent downturn in commodity prices. Even if financing were immediately available and the Company were able to continue trading, the Independent Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.

*If the Greenstone Placing does not succeed, it is unlikely that the proposed Open Offer and Placing will proceed*

The Greenstone Placing provides, inter alia, for the proposed Open Offer and Placing to be carried out by the Company to be conditionally fully underwritten by Greenstone pursuant to the Underwriting Facility. If the Greenstone Placing does not complete, the Independent Directors believe that it is unlikely that the Company would be able to attract sufficient support for the Open Offer and the Placing from Qualifying Shareholders and third party investors to raise the level of finance required as part of the Phase One Fundraising to proceed with development of the Namib Project (up to a construction decision, which would also be dependent on the issue of the Mining Licence and Phase Two Fundraising being achieved).

*Alternative funding options are unlikely to be available*

If the Resolution is not approved, the Independent Directors believe that it is highly unlikely that the Company will be able to secure appropriate financing on as favourable terms. Any alternative equity solution would either require a "cash box structure", for which the Company would not need shareholder approval but in which the majority of existing Shareholders would not be able to participate, or the Company would need to secure further shareholder approval or prepare a prospectus and offer the relevant equity securities to all Shareholders in all jurisdictions in proportion to their existing holdings. The Independent Directors do not consider seeking alternative shareholder approval or issuing a prospectus would generate sufficient funds, quickly enough, to secure the Company's survival in its present form, or at all. Due to the time and costs involved in securing further shareholder approval or preparing a prospectus and having the

same approved by the UK Listing Authority, and with the requirement to comply with applicable securities law restrictions in other jurisdictions in which shareholders are resident, this process would be prohibitively expensive and time consuming for the Company given current time constraints and cash resources. In addition, having spoken to multiple parties, the Independent Directors are of the view that debt finance is also becoming more difficult to obtain particularly given the recent downturn in commodity prices.

***The Greenstone Placing may not take place as planned even if the Resolution is approved***

Completion of the Greenstone Placing is subject to the Conditions being waived or satisfied (as more fully described in paragraph 2 of Part I of this Circular). There can be no assurance that completion of the Greenstone Placing will take place under the Subscription Agreement, including if any of the Conditions are not met. In the event that completion of the Greenstone Placing does not take place for any reason, in full or at all, the Company will be required to look for alternative sources of funding, which cannot be guaranteed to be available on the same terms or at all.

***Impact on Group's financial resilience***

If the Greenstone Placing does not proceed, the Group will have less financial flexibility particularly in the event of any significant deterioration in market conditions and will have to consider alternative funding options which may not be as favourable. In the event the Greenstone Placing is not completed, and no alternative sources of funds become available, the Company will likely be in financial distress, and will, in all likelihood, have to cease work on the Namib Project and continue on a care and maintenance basis and/or consider liquidation.

**RISKS ASSOCIATED WITH THE GREENSTONE PLACING PROCEEDING**

If the Greenstone Placing does complete, Shareholders should note the following risk factors:

***Possible requirement for Greenstone to make a Mandatory Offer for the Company***

Even if the Resolution is approved, Greenstone is not seeking a waiver from the Panel (and approval of such waiver from the independent Shareholders of the Company) of the requirement to make a Mandatory Offer on any increase to Greenstone's percentage shareholding of the then Issued Share Capital to 30 per cent. or more.

As such, if Greenstone increases its shareholding to 30 per cent. or more of the then Issued Share Capital, it will be required to make a Mandatory Offer for the Company at the highest price paid by Greenstone (or any party with whom it is acting in concert) for any interest in Ordinary Shares in the previous 12 month period.

If the Greenstone Placing proceeds, Greenstone will continue to own approximately 29.48 per cent. of the Issued Share Capital and will have the ability to increase its shareholding on any conversion of the Tranche One Notes. Pursuant to the terms of the Subscription Agreement and Convertible Loan Note Instrument, the Tranche One Notes will, either in full or in part, convert automatically into new Ordinary Shares on completion of the proposed Open Offer and Placing, but only so far as will not cause Greenstone's shareholding to exceed 29.99 per cent. of the then Issued Share Capital.

However, Greenstone may, subject to completion of the Greenstone Placing, at its discretion, convert all of the Tranche One Notes at the Conversion Price and trigger a Mandatory Offer for the Company at the highest price paid by Greenstone (or any party with whom it is acting in concert) for any interest in Ordinary Shares in the previous 12 month period.

Depending on the level of acceptances received under the proposed Open Offer, participation in the proposed Placing by third party investors and satisfaction or waiver of the Conditions, Greenstone may, pursuant to the Underwriting Facility, be required to subscribe for the Underwriting Loan Notes in addition to the Tranche One Notes (up to a total amount of US\$4.0 million). Further, the Company may be required to issue additional Convertible Loan Notes to settle unpaid interest, which could amount to up to approximately US\$1.2 million (ignoring any possible grossing up for withholding tax) of additional Convertible Loan Notes if no interest were paid (and more if they continue unpaid after the expected final repayment date).

If the Underwriting Facility is used, or further Convertible Loan Notes are issued in respect of unpaid interest, Greenstone may, at its discretion, convert the Tranche One Notes and the Underwriting Loan Notes and any such further Convertible Loan Notes and trigger a Mandatory Offer for the Company at the highest price paid by Greenstone (or any party with whom it is acting in concert) for any interest in Ordinary Shares in the previous 12 month period (although it should be noted that it would be for the Shareholders to decide at the relevant time whether to accept or reject such offer, depending on the offer price, the then prevailing price per Ordinary Share and other relevant circumstances at that time).

It should be noted that the Convertible Loan Notes are freely transferable, and so the above analysis may, also, depending on the relevant holding of interests in Ordinary Shares of any transferee to whom Greenstone transfers Convertible Loan Notes, apply to such transferee.

As at the date of this document, Greenstone has not indicated any intention to trigger a Mandatory Offer.

### ***Influence of significant Shareholder and Relationship Agreement***

As noted above, if the Greenstone Placing proceeds, Greenstone may, dependent on the outcome of the Placing and Open Offer have the ability to increase its shareholding on any conversion of the Tranche One Notes to 30 per cent. or more of the then Issued Share Capital.

As further noted above, if the Underwriting Facility is used, or further Convertible Loan Notes are issued in respect of unpaid interest, Greenstone will have the ability to further increase its shareholding, and any such conversion will likely cause Greenstone's holding to exceed 30 per cent. or more of the then Issued Share Capital.

If Greenstone were to convert the Convertible Loan Notes in full or in part, then, whether or not a Mandatory Offer is required and whether or not any such Mandatory Offer is accepted or rejected, Greenstone would be able to exercise significant influence over the Company and may, depending on its resulting shareholding, be able to control all matters requiring approval by Shareholders including the election of directors, sales of assets, share issues and amendments to the Articles.

Pursuant to the Relationship Agreement, which remains in force for such time that Greenstone (or any member of its group) retains a Significant Interest in the Company, certain restrictions are placed on Greenstone, including (but not limited to) a requirement for all agreements between the Company and Greenstone (or its group) to be concluded on an arm's length basis, an undertaking not to influence or seek to influence the running of the Company or any member of the Group at an operational level (without the consent of the Company's chief executive officer), an undertaking not to exercise voting rights to seek or procure any amendment to the Articles which would be inconsistent with the terms of the Relationship Agreement, and usual orderly market restrictions.

Greenstone also enjoys certain benefits and protections pursuant to the Relationship Agreement, including (but not limited to) the right to appoint a director to the Board whilst Greenstone (or any member of its group) holds a Significant Interest, the right for the Greenstone-nominated director to join certain committees of the Company, a right to participate in any issue of equity carried out by the Company so as to maintain Greenstone's percentage shareholding, and certain marketing rights in relation to the products produced by the Company's projects (including, without limitation, the Namib Project).

Under the Relationship Agreement, Greenstone will have the right, from 3 July 2017, being the third anniversary from the date of the Relationship Agreement, and for so long as it holds an interest in voting rights representing 15 per cent or more of the rights to vote at a general meeting of the Company, to nominate potential customers and be afforded the opportunity to negotiate and purchase on an arm's length basis and on terms no less favourable to the Company than those offered to third parties a proportion of the Company's mineral production, equal to its interest in such voting rights. Therefore, for so long as such right exists, any conversion of Convertible Loan Notes will increase such right.

### ***Events of default under the Convertible Loan Note Instrument***

Pursuant to the terms of the Convertible Loan Note Instrument, the Convertible Loan Notes shall become repayable in full at the election of holders of a majority of the Convertible Loan Notes, following applicable grace periods, on the occurrence of certain events triggering a default, as summarised in Part II of this Circular.

### ***Potential dilution of current Shareholders***

Shareholders who do not (or, due to regulatory restrictions, are not given the opportunity to) participate in the Open Offer to the full extent of their pro rata entitlement will experience significant dilution in their ownership and voting interests in the Company on any conversion of the Convertible Loan Notes by Greenstone. In such circumstances, such Shareholders' proportionate ownership and voting rights in the Company will be reduced and the percentage that their Ordinary Shares will represent of the then total Issued Share Capital will be reduced accordingly.

**This list of risk factors should not be considered an exhaustive statement of all potential risks and uncertainties.**

## PART IV

### NOTICE OF GENERAL MEETING

#### NORTH RIVER RESOURCES PLC

*(incorporated in England and Wales, with registration number 5875525)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of North River Resources Plc (the “**Company**”) will be held at 11.00 a.m. at the offices of Shakespeare Martineau LLP, 5th Floor, One America Square, Crosswall, London, EC3N 2SG on 28 August 2015 (London time) for the purposes of considering and, if thought fit, passing the following resolution as a special resolution:

#### ***SPECIAL RESOLUTION***

1. **THAT** the Directors, pursuant to Section 570 of the Companies Act 2006, be empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash up to a total aggregate nominal amount of £6,000,000, pursuant to the authority conferred by an ordinary resolution (numbered resolution 7) approved at the Company’s Annual General Meeting held on 25 June 2015, as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to the allotment of (words and expressions used below having the meaning given to them in the Company's Circular to Shareholders dated 11 August 2015):
  - i) US\$4.0 million nominal amount of Convertible Loan Notes on, and subject to, the terms of the Subscription Agreement and Convertible Loan Note Instrument, and any further Convertible Loan Notes arising from settlement of unpaid interest by the issue of further Convertible Loan Notes in accordance with the Convertible Loan Note Instrument;
  - ii) new ordinary shares in the capital of the Company on any conversion of the Convertible Loan Notes at the Conversion Price on, and subject to, the terms of the Convertible Loan Note Instrument;
  - iii) new ordinary shares in the capital of the Company on, and subject to, the terms of the Open Offer where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their holdings of such ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory;
  - iv) new ordinary shares in the capital of the Company on, and subject to, the terms of the Placing; and
  - v) other than pursuant to (i) to (iv) above (inclusive), new ordinary shares in the capital of the Company to raise up to US\$2.0 million,

and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company. 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**  
Ben Harber  
**Company Secretary**

**Registered office:**  
One America Square  
Crosswall  
London  
EC3N 2SG

Dated: 11 August 2015

**Notes to the Notice of General Meeting**

1. As a holder of ordinary shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company. A proxy form is enclosed with this notice.
2. In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
3. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon so as to be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting or any adjournment thereof, alternatively you may submit your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com), which must be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting, or any adjournment thereof.
5. The completion and return of a form of proxy will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice, however, if you have appointed a proxy and attend the meeting in person, your proxy will automatically be terminated.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
7. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. 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 the meeting.
9. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours (excluding any part of a day that is not a business day) before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required) for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting system provider(s) take(s) such action as shall be necessary to ensure that message is transmitted by means of the CREST system by any particular time. In

this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services.

12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

13. As at 11 August 2015, the Company's issued share capital comprised 1,915,875,310 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights as at 11 August 2015 was 1,915,875,310.

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**NORTH RIVER RESOURCES PLC**

*(incorporated in England and Wales, with registration number 5875525)*

**FORM OF PROXY**

**for use by shareholders at the General Meeting**

**to be held on 28 August 2015**

I/We, the undersigned shareholder(s) of North River Resources Plc (the “**Company**”) hereby appoint the Chairman of the Meeting\*(see note 1) ..... as my/our proxy to vote in my/our name(s) and on my/our behalf at the General Meeting of the Company to be held at 11.00 a.m. at the offices of Shakespeare Martineau LLP, 5<sup>th</sup> Floor, One America Square, Crosswall, London, EC3N 2SG on 28 August 2015 (London time) and at any adjournment thereof.

Please indicate with an “X” in the appropriate boxes below how the proxy should vote and then sign in the space provided below. If no specific direction as to voting is given, the proxy may vote or abstain at his discretion.

**SPECIAL RESOLUTION**

**For      Against      Withheld**

**Resolution 1 – Authority to Allot Shares free of Pre-emption Rights**

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I/We authorise my/our proxy to act at his/her discretion in relation to any other business arising at the General Meeting (including in respect of the question whether to adjourn such meeting) and at any adjournment of such meeting.

Signature(s) .....Dated.....

Name:

Address: .....

.....

.....

Initials and surnames of joint holders if any .....

**Notes:**

1.      \*If you wish to appoint any person other than the Chairman of the Meeting as proxy, please delete the words “Chairman of the Meeting” and insert his or her name and address in the space provided and initial the alteration. The person appointed to act as a proxy need not be a member of the Company.
2.      As a holder of ordinary shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company. A proxy form is enclosed with this notice.
3.      In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
4.      In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and 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.      To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon so as to be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting or any

adjournment thereof, alternatively you may submit your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com), which must be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting, or any adjournment thereof.

6. The completion and return of a form of proxy will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice, however, if you have appointed a proxy and attend the meeting in person, your proxy will automatically be terminated.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. 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 the meeting.
10. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours (excluding any part of a day that is not a business day) before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required) for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting system provider(s) take(s)) such action as shall be necessary to ensure that message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services.

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

14. As at 11 August 2015, the Company's issued share capital comprised 1,915,875,310 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights as at 11 August 2015 was 1,915,875,310.