North River Resources plc / Ticker: NRRP / Index: AIM / Sector: Mining

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

Final Results for the year ended 31 December 2015

North River Resources plc is pleased to announce its results for the year ended 31 December 2015 and that the Annual General Meeting ("AGM") will be held at the offices of Shakespeare Martineau LLP, 5th Floor, One America Square, Crosswall, London EC3N 2SG on Tuesday 28 June 2016 at 11.00 am.

A notice convening the AGM, proxy form and Report and Accounts for the year ended 31 December 2015 will be posted to shareholders this Friday 3 June 2016 and will also be available to download from the Company's website at www.northriverresources.com.

Highlights

- Key milestones towards advancing the group's priority brownfield Namib Lead-Zinc project in Namibia towards a construction decision, have been:

- North River received and accepted a Notice of Preparedness to Grant the Mining Licence from the Namibian Ministry of Mines and Energy ("Ministry") for the Namib Lead Zinc Project. The Notice set out a process and timeline for the discussions with the Ministry to agree upon the Supplementary Conditions. A formal proposal was submitted to the Ministry on the Supplementary Conditions in late April 2016.

- A successful fund raising completed in September 2015 whereby an additional US$4.0 million was secured through an open offer to the market and placing of convertible loan notes with Greenstone Resources L.P.

- Completion of the drive on 5-level in the mine to open up access underground for the next step in resource drilling. The ongoing drilling programme has produced a number of highly positive drill results and the Company remains confident that the mine life initially estimated at 3.5 years, will be extended in due course through an increased defined resource at the Namib Lead-Zinc Project site.

- New appointments to the Board of Directors in 2015 have brought additional technical and commercial experience to the Company, helping to support the next phase of development at the Namib Lead-Zinc Project.

- A decision was taken to fully impair the goodwill attached to two early stage copper exploration concessions where recoverable value was deemed to be marginal at current consensus long-term copper prices. The exploration concessions, EPL 3257 and EPL 3258, held within West Africa Gold Pty Ltd, had allocated goodwill of £1,983,634 and £4,719,300 respectively.

- A loss before taxation reported for the year of £9,797,691 (2014: loss of £3,320,477). The increase versus the prior year reflects the one-off impairment of the two exploration licences EPL 3257 and EPL 3258. Excluding this charge, costs have fallen despite an increase in site based project activities as the Group benefitted from a weakening Namibian Dollar (2015 average GBP:NAD 1:19.47 versus a 2014 average GBP:NAD 1:17.84) and continued focus on minimising overhead costs pending receipt of the Mining Licence.

- The Group's cash position as at 31 December 2015 was £1,376,740 (2014: £1,904,860)

For further information please visit www.northriverresources.com or contact:

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

Final Results for the year ended 31 December 2015

Chairman's Statement

North River continued during the year to focus on advancing its flagship Namib Lead Zinc Project ("Namib Project" or "Namib") in Namibia towards a construction decision. Project activities focused on additional technical evaluation work required to define a mine plan and processing plant design to a level of confidence to support the project investment decision. The Company also engaged regularly and proactively with Namibia's Ministry of Mines and Energy (the "Ministry") to progress the Mining Licence application, commenced a ~3,800m resource expansion drilling campaign and completed a US$4.0 million fundraising supported by strategic shareholder, Greenstone Resources L.P.

I am very pleased that once again we recorded no lost time injuries during 2015. Whilst this demonstrates the commitment of our entire team to operate a zero harm working environment we must remain focused to ensure this unblemished track record continues.

While good progress was made on the project workstreams, the mining licence for the Namib Project remains outstanding. The uncertainty around timing and conditions to be attached to the issue of the licence has been a source of frustration for the Company and its shareholders and has led to repeated changes in the pre-construction work programme and has made longer term planning for taking the project forward to an investment decision very difficult. In early 2016, we were issued with a Notice of Preparedness to Grant the Mining Licence for the Namib Project (the "Notice") subject to reaching agreement on various additional conditions to the mining licence (the "Supplementary Conditions"). The Notice set out a process and timeline for discussions with the Ministry to reach agreement on the Supplementary Conditions and in accordance with this process, we submitted a formal proposal to the Ministry on the Supplementary Conditions in late April 2016.

I am very encouraged by the receipt of the Notice in that it confirms there are no technical issues with the application, but remain cautious on the timeframe and extent to which agreement can be reached on the issue of the licence. Separately, the Government of the Republic of Namibia recently published a draft bill on proposed broad based economic empowerment in the country (the National Equitable Economic Empowerment Bill, the "Draft Bill"). The Draft Bill covers a number of obligations which would, if enacted into law, be inconsistent with those laid down under the Supplementary Conditions for the mining licence. Achieving further clarity in this area will be critical to advancing the project to a construction decision.

Outlook

We remain committed to bringing the Namib Project into production. We believe it is an economically robust, technically straightforward project with real potential to deliver benefits to both its shareholders and wider stakeholders in Namibia. The targeted increase in mineral resource, and consequent potential for a longer life of the mine will further enhance the economics of Namib and its funding options.

Whilst the average prices for zinc and lead in 2015 were lower than for the prior period, recent market developments indicate that the supply and demand balance is tightening which augurs well for the price outlook.

In light of the uncertain timeframe for securing the mining licence and gaining clarity on the implications of the proposed broad based economic empowerment legislation, we are focusing our immediate efforts in two areas: completing the resource expansion drilling campaign and progressing the mining licence application. Initial results from the resource drilling campaign have been encouraging and have confirmed mineralization 80 metres below the existing northern resource. Certain holes have achieved outstanding intersections, such as NLDD067 (57.1m, true width of 8.5 metres, at 28.6% zinc) and NLDD069 (35.7 metres, true width of 9 metres, at 33.8% zinc), providing increasing confidence that an enlarged resource supporting a longer life of mine will be delineated in due course.

Pending clarity on the timing for receiving the mining licence and taking the project forward, we are redoubling our efforts to conserve cash and identify further cost savings. In light of this, the Project Director has left the Company, and a number of project work streams, including the Front End Engineering and Design work ("FEED") continue to be deferred. The Company will nonetheless need to undertake a working capital fundraising in the short term, in order to continue to fund the work programme over a longer period than envisaged at the time of the placing and open offer completed in October 2015, and we are in the process of evaluating funding options and the structure under which funds may be raised.

This is my first Chairman's statement. As we all know this is a very difficult period for commodity producers and project developers. I joined the board because I am convinced of the emerging physical deficit of zinc in world markets and was attracted by the quality of the North River team. I remain so convinced. We all expect to make substantial progress in 2016/2017.

Rod Beddows
Chairman
31 May 2016

<u>Chief Executive Officer's Statement</u>

The Namib Project

Overview

The Namib Project entails re-opening a previously producing mine and the construction of a new plant to process 250,000 tonnes of ore per annum. The currently defined JORC resource supports an initial 3.5 year mine life although we are confident that this will be extended through the ongoing resource drilling campaign. Located 20km inland from Swakopmund in Namibia, the project benefits from being well located, with excellent surrounding infrastructure. Namibia has a well established mining industry and good access to local mining suppliers and support services.

Geology

Namib is hosted within the thinly interbedded clastics and carbonates of the Arises Marble unit of the Karibib Formation of the Swakop Group, which in the vicinity of the mine displays complex folding and deformation. The mineralised massive "Mine Marble" unit within the Karibib Formation is a weakly banded and coarse grained marble.

Structurally, mineralisation occurs in NE-SW striking tabular lodes that occur in the axial zone and limbs of a ductile SW-plunging anticlinal fold closure. The lodes have similar orientation around the fold closure and are therefore not folded. They are stratabound within the host mine marble unit but are very oblique to this enclosing envelope. As a result, the lodes typically have short strike lengths but much greater down-plunge continuity. Lodes do occur which are elongated along the mine marble strike, but this is less common.

The lodes within the deposit are assigned to four zones relative to their position in the fold closure, the North, South, N20 and Junction.

Minerals Resource Estimate as at 29 August 2014

Reported at a lower cut-off grade of 1% Pb% + Zn%

		Tonnes	Density t/m^3	Zinc %	Lead %	Silver g/t
Indicated	North	730,000	3.65	6.2%	2.8%	45.1
	South	147,000	3.61	5.3%	2.1%	40.5
Inferred	North	121,000	3.63	9.3%	0.7%	29.6
	South	251,000	3.69	6.6%	2.7%	48.2
Total		**1,250,000**	**3.65**	**6.5%**	**2.5%**	**43.7**

Tonnages have been rounded to the nearest 1,000t to reflect that this is an estimate. Apparent differences may occur due to rounding.

Definitive Feasibility Study ('DFS')

A DFS was completed in November 2014 and the highlights include:

- Maiden Mineral Ore Reserve of 585,000 tonnes at 6.2% zinc, 2.9% lead, and 46ppm silver
- Annual throughput of 250,000 tonnes at an average grade of 9% (Pb+Zn) producing 19,100 tonnes of metal in concentrate
- 280,000 ounces per annum silver by-product
- Initial mine life of 3.5 years (including ramp up and ramp down) and resources equivalent to five years of mine life
- Capital cost of US$27.8 million
- Robust project economics with a 12 month payback, post-tax NPV10 of $24.7 million and post tax IRR of 52% at consensus metal prices (assuming the resource base utilized)

Project optimisation and resource expansion

Following completion of the DFS in November 2014, a number of areas were identified where additional technical evaluation work was required to define a mine plan and processing plant design to a level of confidence to support a project investment decision.

Metallurgical testwork

North River appointed ALS Laboratories ('ALS') to conduct a detailed supplementary testwork programme supervised by Ken Sangster. ALS was selected for their relevant experience and knowledge of similar milling operations. The work was conducted to address the inconsistent grade recoveries experienced via processing routes proposed as part of the DFS which referred to a 'lack of agreement' on the performance of different samples.

The lack of a definitive processing solution in the DFS derives from the fact that the mineralisation at Namib contains the iron sulphide mineral, pyrrhotite, which responds to flotation in a similar manner to the minerals, sphalerite and marmatite which are the primary zinc ore minerals at Namib. This response can lead to a build-up of pyrrhotite, and consequently iron, in the zinc cleaner circuit. While iron is common in lead-zinc deposits, it is normally present as pyrite, which can be more easily depressed during flotation than pyrrhotite.

The implications of the presence of pyrrhotite were experienced first-hand in the previous operation and, as a result, intermediate products had to be dumped to tailings in order to maintain saleable concentrate quality, but at the sacrifice of zinc recovery during processing.

At the time of publication of the DFS, the locked cycle tests which were underway had not yet been completed. The DFS postulated that the use of magnetic separation as a means of removing some of the pyrrhotite from the circuit, but the subsequent results did not support this proposal as zinc recovery was compromised. Therefore the focus of the work was to produce a robust operating environment, taking into account the main variables in mineralogy and flotation chemistry.

Metallurgical optimisation work

To properly liberate the generally finer zinc minerals, a separate zinc regrind circuit is required to optimise the overall zinc recovery and concentrate grade. Extensive mineralogy was conducted as a precursor to flotation testwork to determine the most effective grind size. A primary grind of around 80% passing 100 micron level has been selected and this is also a practically achievable level within the proposed processing system.

Following this, the fundamental issue in improving the differential flotation performance was the selection of an optimal reagent regime. The use of zinc sulphate as a reagent, commonly used in other lead/zinc operations, was identified as a major contributor to slowing down the sphalerite recovery rate making effective separation from the pyrrhotite more difficult. Consequently, testwork was necessary to eliminate zinc sulphate from the flowsheet and identify a more selective lead collector. These newer collectors, replacing the more traditional xanthates and zinc sulphate, have proved successful in the testwork.

Using the optimised grind and new reagent regime, the Company has developed a robust processing methodology which can operate with consistent results with a wide range of mineral composition and particularly with the variable pyrite and pyrrhotite content.

This different regime has given reproducible results using locked cycle tests conducted to complete equilibrium. Overall the reproducible results, from the five different composites tested, gave the following results:

- Lead: 62.2%Pb at 91.1% Pb recovery
- Zinc: 52.4%Zn at 89.2% Zn recovery (optimum Zinc grades limited by the zinc mineral Marmatite which has a high iron content)

These are actual results with the top and bottom values discarded from compatible locked cycle tests. This has obviated the previous problem of using batch data when the concentrate grade and associated recoveries can be mutually unsustainable.

Detailed minor element analyses of the above reported concentrates show no impurities that could affect the marketing acceptability.

These results are a significant development, removing any residual concern over operational variability in the processing plant and demonstrating robust controls of the final saleable products. This greatly assists in overall project bankability as we move forward with financing plans and, in particular, its discussions with debt financiers.

Resource expansion

In addition to the project development activities, we view the increase of the Mineral Resource at Namib as a key component to unlocking project financing in a challenged commodity price environment and delivering overall shareholder value.

Drilling campaign from August 2014 to November 2015

Following the last Mineral Resource Estimate of August 2014, the Company completed 4,828 of drilling in 66 holes in the period to November 2015. Of these, 52% (34 holes) had significant intercepts. A summary of the intercepts can be found in Table 1.

The drilling campaign focussed primarily on targeting both new extensions of known mineralised shoots, as well as infill drilling to potentially convert Inferred Mineral Resources into the Indicated Mineral Resource category. Drilling was undertaken mainly in the top half of the North Orebody and also below the historic South Mine, which is around 200m below surface. The majority of the current Inferred Mineral Resources lie below the South Mine, which is also referred to as the Southern orebody. In general, the drilling results in both areas met management's expectations and increased its confidence in the Mineral Resource.

Drilling below the Junction stope, and between the Junction and the Central stopes of the Southern orebody targeting resource expansion, has yielded encouragingly high grade results:

- NLDDK070: 3.6m @ 15.6% Zn, 1.0% Pb
- NLDDK071: 7.3 @ 14.9% Zn, 3.2% Pb & 4.5m @ 9.3% Zn, 13.6% Pb
- NLDD062: 3.8m @ 10.9% Zn, 8.7% Pb
- NLDD061: 5.7m @ 16.8% Zn, 6.9% Pb
- NLDD056: 8.7m @ 9.6% Zn, 3.7% Pb

Ongoing resource expansion drilling campaign

Encouraged by these results, we embarked on a 3,800m expansion drilling campaign below the current North resource in late 2015, to test the extensions at depth of these ore envelopes. The drilling campaign also envisages infill and extension drilling in the existing Southern resource. The Company is confident that this campaign will result in an enlarged resource supporting a longer mine life.

To access sufficient underground drilling locations, a 300 metre drive underneath the existing North resource has been developed (the "5 Level Drive"). The 5 Level Drive was successfully completed in March 2016. As the mine moves into an operational phase, the development drive will be incorporated into the mine plan as an access road.

As at 26 April 2016, 18 holes totalling 1,767 metres had been drilled by the Company's own Kempe U3-9BQ together with a larger Diamec 262 rig under contract. Eleven holes have been reported and the summary results can be seen in Table 2 below with the remaining holes awaiting sampling or assay results. The Kempe is being used to search for shallower targets up to ~80m below the modelled envelopes while the more powerful Diamec rig is used for drill holes up to 200m deep. The drilling campaign is targeted for completion by end of June 2016.

Significant mineralisation has been intersected in six holes:

- NLDD067: 57.1m (true width of 8.5 metres) at 28.6% zinc and 33g/t silver*;
- NLDDK074: 3.0m (true width of 1.5 metres) at 35.0% zinc and 11.9m (true width of 6.0 metres) at 20.8% zinc;
- NLDDK075: 8.7m (true width of 4.0 metres) at 19.5% zinc and 3.0m (true width of 2.0 metres) at 12.2% zinc; and
- NLDDK076: 3.6m (true width of 1.3 metres) at 9.8% zinc, 2.6% lead and 42g/t silver, plus 8.1m (true width of 2.5 metres) at 6.7% zinc, 7.6% lead and 101g/t silver
- NLDD069: 35.7m (true width of 9 metres) at 33.8% zinc
- NLDDK077: 3.8m (true width of 1.5 metres) at 10.6% zinc and 5.8m (true width of 2 metres) at 12.2% zinc and 10.9% lead

  ** Silver results are provisional, awaiting QAQC checks*

The early results from the drilling campaign indicate the continuation of mineralisation 80 metres below the existing Northern part of the orebody, providing support for the Company's confidence in delivering an increased resource estimate for the Namib Project following completion of the drilling campaign. As would be standard practice, all grade intercepts will be critically evaluated as part of the update to the Mineral Resource Estimate in due course, to ensure that lower angle drill intercepts returned (those with very high intercept lengths relative to true widths) do not bias the resulting grade estimation.

Significant intercepts table from drilling August 2014 to November 2015

Hole_ID	Interval Width (m)	True Width (m)	Zinc %	Lead %	Hole_ID	Interval Width (m)	True Width (m)	Zinc %	Lead %
NLDD048*	4.83	3.00	2.24	2.48	NLRC110	4.00	3.10	1.61	0.06
NLDD048*	4.32	2.00	2.77	0.55	NLRC111	4.00	3.90	6.50	0.79
NLDD049*	3.40	3.40	9.20	9.74	NLRC112	3.00	2.85	3.04	0.03
NLDD049*	4.12	4.10	10.34	0.58	NLRC113	13.00	13.00	8.55	4.41
NLDD050*	3.15	2.00	3.96	0.04	NLRC114	10.00	9.90	9.22	0.43
NLDD050*	7.61	2.00	2.76	0.50	NLRC115	3.00	3.00	4.27	0.93
NLDD051*	5.33	2.00	18.60	0.59	NLRC120	7.00	7.00	2.09	4.57
NLDD051*	10.09	6.50	15.52	0.41	NLRC121	5.00	4.80	5.44	2.31
NLDD052*	3.46	2.10	3.82	1.08	NLDDK036**	No Significant Intercepts			
NLDD053*	3.06	2.15	7.33	3.79	NLDDK037**	No Significant Intercepts			

NLDD053*	31.62	6.85	12.37	0.35	NLDDK038	No Significant Intercepts
NLDD054	5.05	3.80	6.08	7.20	NLDDK039	No Significant Intercepts
NLDD054	9.35	5.50	12.85	2.96	NLDDK040	No Significant Intercepts
NLDD055	9.70	3.70	10.03	1.31	NLDDK041	No Significant Intercepts
NLDD055	3.17	2.15	1.90	2.95	NLDDK042	No Significant Intercepts
NLDD056	10.00	8.00	13.46	5.90	NLDDK044	No Significant Intercepts
NLDD056	6.12	5.00	3.40	0.82	NLDDK045	No Significant Intercepts
NLDD056	18.16	8.70	9.63	3.74	NLDDK046	No Significant Intercepts
NLDD057	5.00	2.00	11.18	0.04	NLDDK047	No Significant Intercepts
NLDD058	4.38	3.30	2.68	1.93	NLDDK048	No Significant Intercepts
NLDD058	9.33	6.50	7.78	0.75	NLDDK051	No Significant Intercepts
NLDD058	8.65	6.80	6.30	0.58	NLDDK052	No Significant Intercepts
NLDD059	5.06	2.20	4.98	0.14	NLDDK056	No Significant Intercepts
NLDD060	11.63	3.80	5.95	7.34	NLDDK057	No Significant Intercepts
NLDD061	13.96	5.70	16.79	6.93	NLDDK059	No Significant Intercepts
NLDD062	5.02	3.75	2.87	0.06	NLDDK060	No Significant Intercepts
NLDD062	11.24	3.80	10.90	8.69	NLDDK061	No Significant Intercepts
NLDD063	10.31	5.50	12.51	2.59	NLDDK062	No Significant Intercepts
NLDD063	6.87	2.90	5.78	0.48	NLDDK063	No Significant Intercepts
NLDDK034*	4.41	3.70	13.88	1.33	NLDDK064	No Significant Intercepts
NLDDK035*	4.65	4.10	8.98	5.86	NLDDK065	No Significant Intercepts
NLDDK043	4.69	3.45	17.28	0.00	NLDDK066	No Significant Intercepts
NLDDK053	4.77	4.30	32.85	0.09	NLDDK067	No Significant Intercepts
NLDDK054	4.56	4.55	1.83	0.27	NLDDK068	No Significant Intercepts
NLDDK055	4.98	3.85	19.83	0.03	NLDDK069	No Significant Intercepts
NLDDK058	8.00	3.75	9.59	3.01	NLRC116	No Significant Intercepts
NLDDK070	3.55	3.55	15.63	1.01	NLRC117	No Significant Intercepts
NLDDK071	12.46	7.30	14.91	3.18	NLRC118	No Significant Intercepts
NLDDK071	5.00	4.50	9.31	13.59	NLRC119	No Significant Intercepts
NLDDK072	4.66	4.60	2.33	3.87	NLRC122	No Significant Intercepts
NLDDK072	11.37	9.30	2.56	1.99		

** Holes reported in MRE update of 19 September 2014, but true widths have been updated to reflect the current geological interpretation*

*** Geotechnical holes drilled and not sampled.*

Significant Intercepts are based on the following criteria:

- Minimum intercept length: 3 m
- Maximum internal waste: 1 m
- Cutoff Pb/Zn combined: 1 %
- True thickness lengths were obtained by measuring intercepts manually from a perpendicular-to-dip sectional review. Lengths are approximate due to the variable nature of the lodes.

Full details of the intercepts, QAQC and JORC Table 1 disclosure can be found in the Company's press release "*Drilling campaign successfully delineated additional extensions of known lodes and identified additional high grade targets*" dated 12 February 2016.

Table 2: Significant intercepts table from drilling December 2015 to April 2016

Hole_ID	Interval Width (m)	True Width (m)	Zinc %	Lead%	Silver ppm	Iron %
NLDD067	57.1	8.5	28.6	0.07	33*	24.0
NLDDK074	3.0	1.5	35.3	0.13	**	22.8
NLDDK074	11.9	6.0	20.8	0.04	**	18.4
NLDDK075	8.7	4.0	19.5	0.87	**	18.9
NLDDK075	3.0	2.0	12.2	0.10	**	39.1
NLDDK076	3.6	1.3	9.8	2.60	42	14.7
NLDDK076	8.1	2.5	6.7	7.59	100	33.9
NLDD069	35.7	9.0	33.8	0.1	46	20.3
NLDDK077	3.8	1.5	10.6	0.2	10	18.6
NLDDK077	5.8	2.0	12.2	10.9	157	28.3
NLDD068			No significant intercepts			
NLDD064			No significant intercepts			
NLDD065			No significant intercepts			
NLDD066			No significant intercepts			
NLDDK073			No significant intercepts			

** Provisional results for silver as being re-assayed due to laboratory CRMs under reporting by approximately 5%*
*** Ag results not available (pending)*

Significant Intercepts are based on the following criteria:

- Minimum intercept length: 3 metres
- Maximum internal waste: 1 metres
- Cut-off lead/zinc combined: 1 %
- True thickness lengths were obtained by measuring intercepts manually from a perpendicular-to-dip sectional review. Lengths are approximate due to the variable nature of the lodes.

Full details of the intercepts, QAQC and JORC Table 1 disclosure can be found in the Company's press release "*Drilling update*" dated 21 March 2016 and 26 April 2016.

Mining licence

Receipt of the mining licence for Namib remains a key outstanding permit. The mining licence application was filed in April 2014 and the Company has since then been actively and constructively engaged with the Ministry of Mines and Energy ("Ministry") in Namibia.

On 28 January 2016 the Company received from the Ministry a Notice of Preparedness to Grant the mining licence ("Notice") for the Namib Lead-Zinc Project. The Notice contained a number of supplementary terms and conditions relating to matters including, inter alia, the work programme, production, environment and Namibian participation in the Project that will apply to the mining licence (the "Supplementary Conditions").

North River sought clarification from the Ministry on certain aspects of the Supplementary Conditions and its interpretation of them, and pending this clarification, accepted the Notice on 26 February 2016. In accordance with the process set out in the Notice, the Company then submitted a proposal to the Ministry on 25 April 2016, covering local ownership of the Namib Project, participation by historically disadvantaged Namibians in management of the Namib Project, and the Company's corporate social responsibility strategy. The supplementary terms and conditions and the proposal must be agreed between the Company and the Ministry before the mining licence is issued. The Notice sets out a further process and timeline through to mid-2016 for these discussions.

National Equitable Economic Empowerment Bill

In conjunction with assessing the Supplementary Conditions, the Company has been examining the implications of the Government of Namibia's proposed broad based empowerment legislation. A draft bill (the National Equitable Economic Empowerment Bill, the "Draft Bill") has been published and a period of public consultation is open until 29 April 2016. If enacted, the Draft Bill will set out obligations for companies, irrespective of sector, in respect of, inter alia, ownership and management participation by previously disadvantaged Namibians. Certain obligations under the Draft Bill are inconsistent with those laid down under the Supplementary Conditions to the Notice. The extent to which the Draft Bill would place obligations on the Namib Project and the timeframe for finalising and enacting the Draft Bill is not clear at this stage, but will undoubtedly be an area on which the Company will need further clarity in due course.

Corporate and financial review

Board of directors

During the year we strengthened the board of directors. The new appointments bring extensive technical, commercial and funding experience to support the next phase of development at Namib.

I joined the company in January 2015 replacing Martin French as Chief Executive Officer and was appointed to the board in July 2015. A wealth of technical experience has been added by the appointment of two new independent non-executive directors: Keith Marshall, a mining engineer who has previously held senior mine leadership roles with Rio Tinto PLC; and Ken Sangster, a metallurgist with 49 years' experience in the mining industry.

This was followed by the appointment of new independent non-executive Chairman, Dr Rod Beddows in December 2015. Dr Beddows has over 35 years of experience as a strategy consultant and corporate finance adviser, specialising in the metals sector. Dr Beddows replaced Brett Richards who had been serving as interim Chairman.

Ms Ding Chan (Tina) was appointed to the Board as a non-executive Director representing the interests of China General Nuclear Power Company (CGNPC), a 12.1 per cent shareholder in North River, replacing non-executive Chairman Mr. Zuayuan.

Financial review

The Group is reporting a loss before taxation for the year of £9,797,691 (2014: loss of £3,320,477).

This loss includes exploration and administrative expenditure of £3,026,451 (2014: £3,326,325) with the exploration and evaluation costs accounting for £1,142,851 (2014: £2,178,666). The exploration and administrative expenditure costs were lower than 2014 despite an increase in site based project activities as we benefited from a weakening Namibian dollar (2015 average GBP:NAD 1:19.47; 2014 average GBP:NAD 1:17.84) and a continued focus on minimising overheads leading to a series of cost saving initiatives.

Given our continued primary focus on developing the Namib zinc-lead project and a softening in long term copper prices, we deemed it prudent to impair the goodwill related to our early stage Namibian copper exploration licences. This has resulted in a provision for impairment of £6,702,934 (EPL 3257 £1,983,634 and EPL 3258 £4,719,300). No impairment has been recorded against our flagship Namib project.

The Group's cash position as at 31 December 2015 was £1,376,740 (2014: £1,904,860).

During the year, the Independent Directors concluded that a number of project milestones required under the July 2014 Investment Agreement with Greenstone Resources L.P. were no longer achievable before the long-stop date in that agreement of 4 October 2015. As a result, the Company and Greenstone agreed in July 2015 to terminate the July 2014 Investment Agreement. Greenstone remains a committed shareholder and supportive of the Company's revised plans for the Namib Project.

In September 2015 we completed a US$4.0 million fundraising which we effected through an Open Offer and Placing. The Open Offer and Placing were both priced at 0.2p per Ordinary Share and under the Open Offer each shareholder was entitled to subscribe for 2 new shares for every 3 existing Ordinary Shares. Greenstone committed to follow its rights in the Open Offer and fully underwrote the balance of the fundraising with funds provided via the underwriting provided via convertible loan notes.

The Open Offer and Placing raised an aggregate £377,135 (approximately US$581,000) from non-Greenstone shareholders. This figure includes £133,627 placed with certain directors of the Company. The shortfall in the funds raised via the Open Offer and Placing required the Company to utilize the underwriting facility and Greenstone was issued with convertible loan notes with an aggregate principal of $3,127,126.

- Tranche one: $908,291 maturing 8 September 2018
- Tranche two: $2,218,835 maturing 22 October 2018

Both tranches of convertible loan notes bear interest at 10% per annum payable quarterly in arrears and are convertible at 0.2p per share with a fixed exchange rate of 1:1.541 (GBP:USD). The loan notes are subject to certain conditions including adherence to an agreed work programme and budget for the Namib project. The conditions are disclosed in the Open Offer circular.

Going concern

During the year ended 31 December 2015 the Group made a loss of £9,797,691 (2014: a loss of £3,320,477) which includes a goodwill impairment charge of £6,702,934. At the year end date the Group had net assets of £882,155 (2014: net assets of £10,083,685) of which £1,376,740 (2014: £1,904,860) was cash at bank. The operations of the Group are currently being financed from funds which the Parent Company raised from private and public share placings.

The Group's capital management policy is to raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects.

The Group had a cash balance of £330,578 at 31 May 2016.

As set out in Note 24, the Group has estimated possible exploration expenditure of up to £0.6 million for its Namibian licences through 2016. Total capital cost, that is still under review, for the life of the mine, as announced on 26 November 2014 in the Definitive Feasibility Study on Namib, is estimated as $27.8 million (£17.9 million). The Group will therefore need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and development programme.

As set out in Note 6, applications for the Namib Lead Zinc Mining Licence (submitted in April 2014) and the renewal of several EPLs in the Licence Areas have been made and are awaiting confirmation. If the Mining Licence is not received or the EPLs are not renewed, the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence confirmations will be received but the requirement to reach agreement on additional conditions to be attached to licences, means the timeframe is uncertain.

Subject to receiving the Namib Mining Licence, the Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities for at least the next twelve months from the date of approval of these financial statements. The Company is currently evaluating funding options and the structure under which such funds may be raised. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

However, there can be no guarantee that the required funds will be raised within the necessary timeframe or that the mining and EPL licences will be renewed. Consequently, a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

James Beams
Chief Executive Officer
31 May 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2015 £	2014 £
Continuing operations			
Other operating income		-	189
Exploration & evaluation expenditure		(1,142,851)	(2,178,666)
Administrative expenses		(1,883,600)	(1,147,659)
Impairment of goodwill (related to copper exploration licences)	6	(6,702,934)	-
GROUP OPERATING LOSS	3	(9,729,385)	(3,326,136)
Finance charges	4	(82,777)	(267)
Interest received on bank deposits		14,471	5,926
LOSS BEFORE TAX		(9,797,691)	(3,320,477)
Taxation	14	-	-
LOSS FOR THE YEAR		(9,797,691)	(3,320,477)
OTHER COMPREHENSIVE LOSS:			
Exchange difference on subsidiary loans treated as net investments		(2,847,677)	(4,568,609)
Exchange differences on translating foreign operations		2,761,529	4,525,039
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(9,883,839)	(3,364,047)
Loss per share			
Basic and diluted – pence per share	5	(0.49p)	(0.22p)

The results for 2015 and 2014 relate entirely to continuing operations. The loss for the current and prior years and the total comprehensive loss for the current and the prior years are wholly attributable to equity holders of the parent company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Group 31 December 2015 £	Group 31 December 2014 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	6	1,036,052	7,738,986
Intangible assets	7	59,894	64,938
Plant and equipment	8	141,602	143,857
Investment in joint venture	15	-	-
Investment in associated company	16	113,182	113,182
Investments in subsidiaries and loans due from subsidiaries	17	-	-
		1,350,730	8,060,963
CURRENT ASSETS			
Trade and other receivables	9	81,925	444,817
Cash and cash equivalents	10	1,376,740	1,904,860
		1,458,665	2,349,677
TOTAL ASSETS		2,809,395	10,410,640
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	202,897	326,955
Convertible loan notes	12	150,238	-
		353,135	326,955
NON-CURRENT LIABILITIES			
Convertible loan notes	12	1,574,105	-
TOTAL LIABILITIES		1,927,240	326,955
NET ASSETS		882,155	10,083,685
EQUITY			
Share capital	13	4,398,183	3,831,750
Share premium	13	21,258,590	21,258,590
Convertible loan note reserve	12	115,876	-
Share-based payments reserve		-	115,645
Currency translation reserve		(232,651)	(146,503)
Retained losses		(24,657,843)	(14,975,797)
TOTAL EQUITY		882,155	10,083,685

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Retained losses	Share-based payment reserve	Currency translation reserve	Convertible loan note reserve	Total equity
CONSOLIDATED	£	£	£	£	£	£	£
At 1 January 2014	2,240,495	17,875,349	(15,984,120)	4,444,445	(102,933)	-	8,473,236

Loss for 2014	-	-	(3,320,477)	-	-	-	(3,320,477)
Other comprehensive income:							
Currency translation movement	-	-	-	-	(43,570)	-	(43,570)
Total comprehensive loss	-	-	(3,320,477)	-	(43,570)	-	(3,364,047)
Transactions with shareholders:							
Shares issued	1,591,255	3,458,832	-	-	-	-	5,050,087
Share issue expenses	-	(75,591)	-	-	-	-	(75,591)
Transfer of expired share options	-	-	4,328,800	(4,328,800)	-	-	-
Balances at 31 December 2014	3,831,750	21,258,590	(14,975,797)	115,645	(146,503)	-	10,083,685
Loss for 2015	-	-	(9,797,691)	-	-	-	(9,797,691)
Other comprehensive income:							
Currency translation movement	-	-	-	-	(86,148)	-	86,148
Total comprehensive loss	-	-	(9,797,691)	-	(86,148)	-	(9,883,839)
Transactions with shareholders:							
Shares issued	566,433	-	-	-	-	-	566,433
Convertible loan note equity element	-	-	-	-	-	115,876	115,876
Transfer of expired share options	-	-	115,645	(115,645)	-	-	-
At 31 December 2015	4,398,183	21,258,590	(24,657,843)	-	(232,651)	115,876	882,155

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Group 2015 £	Group 2014 £
Cash flows from operating activities			
Group operating loss		(9,729,385)	(3,326,136)
Adjustments for non-cash items:			
Depreciation and amortisation charges	7&8	69,833	62,551
Goodwill impairment	6	6,702,934	-
Impairment of subsidiary loans	17	-	-
		(2,956,618)	(3,263,585)
Movements in working capital:			
Decrease/(increase) in receivables		239,466	(287,284)
(Decrease)/increase in payables		(124,061)	13,675
Net cash used in operating activities		(2,841,213)	(3,537,194)
Investing activities			
Loans to subsidiaries	17	-	-
Purchase of plant and equipment	8	(82,340)	(77,462)
Net cash used in investing activities		(82,340)	(77,462)
Financing activities			
Proceeds from issue of share capital	13	566,433	5,050,087
Share issue costs	13	-	(75,591)
Proceeds of convertible loan notes	12	2,218,583	-

Repayment of loan notes via share issue	12	(189,298)	-
Convertible notes issue costs		(171,266)	-
Interest paid		(63,296)	(267)
Interest received		14,471	5,926
Net cash from financing activities		2,375,627	4,980,155
(Decrease)/increase in cash and cash equivalents		(547,926)	1,365,499
Cash and cash equivalents at beginning of year	10	1,904,860	577,551
Exchange differences		19,806	(38,190)
Cash and cash equivalents at end of year	10	1,376,740	1,904,860

Cash and cash equivalents comprise cash on hand and bank balances.

1. ACCOUNTING POLICIES

The Group has adopted the accounting policies set out below in preparation of the financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

1.1 Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources', and in accordance with the provisions of the Companies Act 2006. The parent Company's financial statements have also been prepared in accordance with IFRS and Companies Act 2006.

The Group and Company financial statements are presented in UK pounds sterling.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a Statement of Comprehensive Income. The Parent Company's loss for the year ended 31 December 2015 was £10,059,939 (2014: restated loss of £5,612,580).

1.2 Going concern

During the year ended 31 December 2015 the Group made a loss of £9,797,691 (2014: a loss of £3,320,477). At the year end date the Group had net assets of £882,155 (2014: net assets of £10,083,685) of which £1,376,740 (2014: £1,904,860) was cash at bank. The operations of the Group are currently being financed from funds which the Parent Company raised from private and public share placings.

The Group's capital management policy is to raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects.

The Group had a cash balance of £330,578 at 31 May 2016.

As set out in Note 24, the Group has estimated possible exploration expenditure of up to £0.6 million for its Namibian licences through 2016. Total capital cost, that is still under review, for the life of the mine, as announced on 26 November 2014 in the Definitive Feasibility Study on Namib, is estimated as $27.8 million (£19.4 million). The Group will therefore need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and project development programme.

As set out in Note 6, applications for the Namib Lead Mining Licence (submitted in April 2014) and the renewal of several exploration and prospective licences (“EPLs”) in the Licence Areas have been made and are awaiting confirmation. If the Mining Licence is not received or the EPLs are not renewed then the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence confirmations will be received within the normal timeframe for these applications.

Subject to receiving the Mining Licence, the Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities for at least the next twelve months from the date of approval of these financial statements. The Company is currently evaluating funding options and the structure under which such funds may be raised. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

However, there can be no guarantee that the required funds will be raised within the necessary timeframe or that the mining and EPL licences will be renewed. Consequently, a material uncertainty exists that may cast doubt on the Group’s ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

1.4 Goodwill

Goodwill is the difference between the amount paid on the acquisition of the subsidiary undertakings and the aggregate fair value of their separable identifiable assets acquired and liabilities assumed. Goodwill is capitalised as an intangible asset and in accordance with IAS 36 ‘Impairments of Assets’ is not amortised but tested for impairment annually and when there are any indications that its carrying value is not recoverable. As such, goodwill is stated at cost less any provision for impairment in value. For impairment testing purposes goodwill is allocated to cash-generating units (CGUs). If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit or loss on sale.

1.5 Impairment of assets

Where appropriate the Group reviews the carrying amounts of its goodwill, plant and equipment, intangible assets and investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

1.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Plant and machinery	4 years
Motor vehicles	4 years
Fixtures, fittings and equipment	4 years
Computers and software	3 years

1.7 Exploration and evaluation expenditure

The Group capitalises the fair value of the consideration paid for acquiring exploration and prospecting rights as intangible assets. All other exploration and evaluation costs incurred are expensed as they are incurred and included in the consolidated statement of comprehensive income. The Group has taken into consideration the degree to which expenditure can be associated with finding specific mineral resources. The intangible assets, comprising licence costs, will be amortised over the length of the mining licence and the amortisation expense included within the administration expenses in the statement of comprehensive income.

1.8 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from the sale of goods and services from the Group's ordinary business activities. Revenue is stated net of discounts, sales and other taxes. There was no revenue received in the current or prior year.

1.9 Interest income and expense

Interest income and expense are reported on an accrual basis.

1.10 Expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

1.11 Investments in subsidiaries

The Parent Company's investments in subsidiary companies are stated at cost less provision for impairment in the Parent Company's Statement of Financial Position.

1.12 Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses. The Parent Company's investments in associated companies are stated at cost less provision for impairment in the Parent Company's Statement of Financial Position.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investors' share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

1.13 Interests in joint ventures

The Group had an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture company using the equity method.

Under the equity method, the investment in the venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture company. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture company is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the venture and its carrying value, then recognises the loss as 'Impairment of investment in joint venture" in the income statement.

Upon loss of significant influence over the venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

1.14 Foreign currency translation

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in pounds sterling ("£"), which is the functional and presentational currency of the Parent Company and the presentational currency of the Group.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the Statement of Comprehensive Income, with the exception of loans that are designated as part of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at weighted average exchange rates for the period. The resulting exchange differences are recognised in other comprehensive income.

1.15 Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

No deferred tax assets are recognised in the financial statements.

1.16 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.17 Receivables

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the Statement of Comprehensive Income.

1.18 Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

1.19 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares are shown in equity as a deduction from the proceeds.

1.20 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder. The number of shares to be issued does not vary with changes in fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

1.21 Share-based payments

The Parent Company has granted equity settled options in the past. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the employee becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each Statement of Financial Position before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous Statement of Financial Position date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity.

When the exercise period for an option expires, the amount that has been charged through the Statement of Comprehensive Income is transferred from the share-based payments reserve to retained losses.

1.22 Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Impairment of goodwill and investments in and loans to subsidiaries

Management assess whether goodwill and investments in and loans to subsidiaries after taking into account potential ore reserves, and cash flows expected to be generated by estimated future production, sales and costs. If the assumed factors vary from actual occurrence, this will impact on the amount at which the assets should be carried on the Statement of Financial Position.

Factors which could impact the future recoverability of these assets include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments in, and loans to, subsidiaries is in notes 6 and 17 below.

Share-based payments

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

Further detailed analysis of the critical judgements and estimates relating to share-based payments is addressed in Note 18.

1.23 Financial instruments

IFRS 7 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

The Group's policies include that no trading in derivative financial instruments shall be undertaken.

The required disclosures have been made in Note 20 to the accounts.

1.24 Adoption of new and revised International Financial Reporting Standards

The following relevant new IFRS standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2015, but had no significant impact on the Company:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IAS 19,	The amendments address updates on employee	1 February 2015

'Employee benefits'	contributions.	
IFRIC Interpretation 21 Levies	The interpretation clarifies recognition a liability for a levy.	17 June 2014

Standards issued but not yet effective
The following relevant new IFRS standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2015, and have not been early adopted:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: • apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 • disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).	1 January 2016
Amendments to IAS 16 and IAS 38	Clarifies of acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 16 and IAS 41	Update on Agriculture: Bearer Plants.	1 January 2016
Amendments to IAS 27	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

2. SEGMENTAL REPORTING

For the purposes of segmental reporting, the operations and assets of the Group are focused in the United Kingdom, Namibia and Mozambique and comprise one class of business: the exploration and evaluation of mineral resources. The Parent Company acts as a holding company. At the end of 31 December 2015, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the year.

Group **31 December 2015**	**United Kingdom**	**Namibia**	**Mozambique**	**Total**
	£	**£**	**£**	**£**
Exploration & evaluation expenditure	-	(1,142,851)	-	(1,142,851)
Administration expenses	(1,078,093)	(805,507)	-	(1,883,600)

Interest paid	(82,657)	(120)	-	(82,777)
Interest received	718	13,753	-	14,471
Impairment of goodwill	-	(6,702,934)	-	(6,702,934)
Loss before taxation	(1,160,032)	(8,637,659)	-	(9,797,691)
Trade and other receivables	28,737	28,074	25,114	81,925
Cash and cash equivalents	1,194,994	169,465	12,281	1,376,740
Accrued expenditure and provisions	(158,732)	(44,165)	-	(202,897)
Convertible loan notes	(150,238)	-	-	(150,238)
Non-current convertible loan notes	(1,574,105)	-	-	(1,574,105)
Goodwill	-	1,036,052	-	1,036,052
Investment in associate company	-	-	113,182	113,182
Intangible assets	3,399	-	56,495	59,894
Plant and equipment	563	141,039	-	141,602
Net assets	(655,382)	1,330,465	207,072	882,155

Group **31 December 2014**	**United Kingdom**	**Namibia**	**Mozambique**	**Total**
	£	**£**	**£**	**£**
Other income	-	189	-	189
Exploration & evaluation expenditure	-	(2,178,666)	-	(2,178,666)
Administration expenses	(940,861)	(206,798)	-	(1,147,659)
Interest paid	-	(267)	-	(267)
Interest received	1,623	4,303	-	5,926
Loss before taxation	(939,238)	(2,381,239)	-	(3,320,477)
Trade and other receivables	217,988	201,715	25,114	444,817
Cash and cash equivalents	1,762,632	129,947	12,281	1,904,860
Accrued expenditure and provisions	(220,409)	(106,546)	-	(326,955)
Goodwill	-	7,738,986	-	7,738,986
Investment in associate company	-	-	113,182	113,182
Intangible assets	7,755	688	56,495	64,938
Plant and equipment	2,755	141,102	-	143,857
Net assets	1,770,721	8,105,892	207,072	10,083,685

3. GROUP OPERATING LOSS

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

	Year ended 31 Dec 15	**Year ended 31 Dec 14**
	£	**£**
Depreciation and amortisation – owned assets	69,833	62,551
Parent Company auditor’s remuneration	29,448	22,000
Subsidiary auditor’s remuneration	7,448	8,000
Employee costs	902,488	605,528
Impairment of goodwill (note 6)	6,702,934	-
Exploration & evaluation costs expensed	1,142,851	2,178,666

4. INTEREST PAYABLE

	Year ended 31 Dec 15	**Year ended 31 Dec 14**

	£	£
Convertible loan notes interest	70,224	-
Withholding tax charges	12,433	-
Other interest payable	120	267
	82,777	267

5. LOSS PER SHARE

	Loss for the period from continuing operations £	**Weighted average number of shares**	**Loss per share Basic (pence per share)**
Year ended 31 December 2015	(9,797,691)	1,981,829,845	(0.49) pence
Year ended 31 December 2014	(3,320,477)	1,499,075,167	(0.22) pence

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

6. GOODWILL AND IMPAIRMENT REVIEW

The Company acquired, on 20 November 2009, the entire issued share capital in, and the shareholder loans to, West Africa Gold Exploration (Namibia) (Pty) Ltd ("WAGE") and Namib Lead and Zinc Mining (Pty) Ltd ("Namib Lead"). The consideration paid by the Company for these two Namibian entities and the shareholder loans was satisfied by the allotment of 266,666,667 Ordinary shares of £0.002 each at 3 pence per share.

At the time of the acquisition of WAGE and Namib Lead, the Licence Areas were subject to an external review by MSA Geosciences of South Africa whose employee, Mike Venter, acted as a Competent Person, as disclosed in the AIM re-admission document dated 28 November 2009.

Goodwill arising on the acquisitions was £7,738,986 and was allocated to cash-generating units (CGUs) by reference to the exploration areas as shown below.

Goodwill ascribed to CGUs:

WAGE	**£**
Witvlei Copper (EPL 3258)	4,719,300
Dordabis Copper (EPL 3257)	1,983,634
	6,702,934
Namib Lead	
Namib lead-zinc mine	1,036,052
	1,036,052
Goodwill carrying values before 2015 impairment	**7,738,986**

Goodwill impairment review

In accordance with the Group's accounting policies, and as required by IAS36 'Impairment of Assets', the Directors test each goodwill CGU for impairment annually, or sooner, where indications exist or information comes to light that clarifies the size, quality and economics of the licences and ore bodies held/owned by WAGE and Namib Lead.

West Africa Gold Exploration (Namibia) (Pty) Ltd

In testing for goodwill impairment of WAGE, it is noted that copper prices have been declining in recent years. The copper price fell from approximately $2.50/lb in January 2015 to approximately $2.10/lb by the end of December 2015.

The Directors believe that the licences held in WAGE have the potential to contain economic mineral resources supporting a development and that there is a market value for the licences. The Directors' calculation of the net present value ("NPV") of these early stage copper projects against which goodwill has been allocated, is marginal using long-term consensus copper prices. Further, the early stage nature of the WAGE projects and due to current fund raising constraints, the Company's primary focus is on the Namib Lead Project and the numerous renewals already granted against these EPLs have resulted in the Directors deeming it prudent to fully impair the goodwill for the WAGE CGU. Consequently, an impairment charge of £6,702,934 has been made at 31 December 2015 (2014: nil).

Namib Lead and Zinc Mining (Pty) Ltd ("NLZ")
The Namib Lead-Zinc project held by NLZ is the Group's flagship asset and is the primary focus of activity. To date, significant project work has been completed resulting in the publication of a definitive feasibility study in late 2014 showing an economically robust project. The feasibility study and the impairment testing of the goodwill has a calculated net present value of $24.7 million and an IRR of 52%. To further enhance the value of the project, the Group has undertaken project optimisation work and has embarked on a 3,800 metre resource drilling campaign targeted at increasing the resource base and mine life. As a result of the impairment tests carried out and the resulting CGU's net present value estimated, the Directors do not believe that the goodwill of NLZ's Namib Lead of £1,036,052 should be impaired.

Goodwill balances at the year end
The goodwill balances at each year end were as follows:

Goodwill ascribed to CGUs:	**2015**	**2014**
WAGE	**£**	**£**
Witvlei Copper	-	4,719,300
Dordabis Copper	-	1,983,634
	-	6,702,934
Namib Lead		
Namib Lead – mine	1,036,052	1,036,052
Goodwill carrying values	1,036,052	7,738,986

Exploration licences
It is further noted that the following EPLs in the Licence Areas have been renewed, or are awaiting confirmation of renewal, since acquisition thus providing additional security of tenure. As discussed in note 1.2, the renewal of seven EPLs (2902, 5075, 3257, 3258, 3261, 4560 and 4561) and the application of the Mining Licence (185) have not yet been confirmed which indicates an uncertainty over their renewal. If the pending EPLs are not renewed, or if the Mining Licence is not granted then the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence renewals and applications will be successful and therefore the current position of the licences does not constitute an indication of further impairment of the goodwill and associated assets.

Project	**Application name**	**Type**	**Number**	**Surface area (km^2)**	**Annual licence fees (N$)**	**Current status**	**Expiry date**
Namib Lead	Namib Lead	EPL	2902	45.2340	2,000	Submitted	17/04/2016
Namib Lead	Namib Lead	ML	185	5.45	5,000	Submitted	-

Namib Lead South	Namib Lead South	EPL	5075	123.951 5	2,000	Submitt ed	06/05/2 016
Dordabis	Kupferberg	EPL	3257	473.069 0	7,000	Submitt ed	01/06/2 016
Witvlei	Christiadore	EPL	3258	214.601 6	4,000	Submitt ed	15/05/2 016
Witvlei	Okatjirute	EPL	3261	266.276 0	3,000	Submitt ed	25/07/2 015
Outjo	Ekotoweni	EPL	4560	692.191 8	7,000	Submitt ed	01/08/2 015
Outjo	Hopewell	EPL	4561	197.939 9	2,000	Submitt ed	01/08/2 015

7. INTANGIBLE ASSETS

GROUP	Exploration licences £	Software £	Total £
COST			
At 1 January 2015	134,464	37,151	171,615
Effects of foreign exchange	(16,501)	(4,568)	(21,069)
At 31 December 2015	117,963	32,583	150,546
AMORTISATION			
At 1 January 2015	77,969	28,708	106,677
Charge for the year	-	5,043	5,043
Effects of foreign exchange	(16,501)	(4,567)	(21,068)
At 31 December 2015	61,468	29,184	90,652
NET BOOK VALUES			
At 31 December 2015	56,495	3,399	59,894
At 31 December 2014	56,495	8,443	64,938

GROUP	Exploration licences £	Software £	Total £
COST			
At 1 January 2014	137,605	38,021	175,626
Effects of foreign exchange	(3,141)	(870)	(4,011)
At 31 December 2014	134,464	37,151	171,615
AMORTISATION			
At 1 January 2014	81,110	22,094	103,204
Charge for the year	-	7,366	7,366
Effects of foreign exchange	(3,141)	(752)	(3,893)
At 31 December 2014	77,969	28,708	106,677
NET BOOK VALUES			
At 31 December 2014	56,495	8,443	64,938
At 31 December 2013	56,495	15,927	72,422

8. PLANT AND EQUIPMENT

GROUP	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 January 2015	163,452	39,483	172,724	375,659
Additions in year	76,162	6,178	-	82,340
Effects of foreign exchange	(34,592)	(4,580)	(36,555)	(75,727)
At 31 December 2015	205,022	41,081	136,169	382,272
DEPRECIATION				
At 1 January 2015	73,045	33,302	125,455	231,802
Charge for the year	42,977	5,330	16,483	64,790
Effects of foreign exchange	(22,101)	(4,721)	(29,100)	(55,922)
At 31 December 2015	93,921	33,911	112,838	240,670
NET BOOK VALUE				
At 31 December 2015	111,101	7,170 `	23,331	141,602
At 31 December 2014	90,407	6,181	47,269	143,857

GROUP	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 January 2014	94,511	36,137	179,681	310,329
Additions in year	73,328	4,134	-	77,462
Effects of foreign exchange	(4,387)	(788)	(6,957)	(12,132)
At 31 December 2014	163,452	39,483	172,724	375,659
DEPRECIATION				
At 1 January 2014	50,565	24,830	108,093	183,488
Charge for the year	24,683	9,076	21,426	55,185
Effects of foreign exchange	(2,203)	(604)	(4,064)	(6,871)
At 31 December 2014	73,045	33,302	125,455	231,802
NET BOOK VALUE				
At 31 December 2014	90,407	6,181	47,269	143,857
At 31 December 2013	43,946	11,307	71,588	126,841

9. TRADE AND OTHER RECEIVABLES

	Group 31 December 2015 £	Group 31 December 2014 £
Amounts falling due within one		

year:		
Prepayments	28,267	32,273
Other receivables	53,658	412,544
	81,925	444,817

10. CASH AND CASH EQUIVALENTS

	Group 31 December 2015 £	Group 31 December 2014 £
Cash at bank and in hand	1,376,740	1,904,860

11. TRADE AND OTHER PAYABLES

	Group 31 December 2015 £	Group 31 December 2014 £
Trade payables	**59,419**	**148,537**
Other payables	**143,478**	**178,418**
	202,897	**326,955**

12. CONVERTIBLE LOAN NOTES

	Group 31 December 2015 £	Group 31 December 2014 £
Amounts falling due within one year:		
Convertible loan notes	150,238	-
Amounts falling due after more than one year:		
Convertible loan notes	1,574,105	-

Greenstone Resources LP issued convertible loan notes to North River Resources Plc as part of the contracted subscription agreement in the Open Offer placed on the market in September 2015.

The US Dollars notes are convertible into new ordinary shares at the Open Offer Price (0.02p per Ordinary Share). The Offer Price is converted into US Dollars applying the Financial Times Exchange rate on the date before the Open Offer (14 September 2015 $1: £0.6489).

The notes are convertible into ordinary shares at the option of the holder at the loan note completion date. Unconverted loan notes must be re-paid in cash within 12 business days after the loan note completion date.

Transaction costs directly associated with the issue of Convertible loan notes have been allocated to the liability and equity components in accordance with IAS 32 'Financial Instruments: Presentation'. They are recognised against the outstanding loan balance and included in the discounting calculation used to calculate the fair value of the loan notes. The loan notes are unwound over the loan period until maturity, at this point the loan liability will be equal to the face value notes issued in October 2015 of $3,418,355.

Terms and debt repayment schedule

Terms and conditions of outstanding loan were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face Value 31 December 2015 £	Carrying Amount 31 December 2015 £
Convertible loan notes	USD	10	2018	2,029,285	1,724,343

Convertible loan note movements:	**£**
Proceeds from the issue of USD convertible loan notes ($3,418,355)	2,218,583
Share placement to Greenstone Resources LP of 94,649,189 new ordinary shares (see note 13)	(189,298)
Net convertible loan note proceeds	2,029,285
Amount classified as equity	(115,876)
Discounted amount	(189,066)
Carrying amount of the liability at 31 December 2015	1,724,343

Split showing the maturity of the convertible loan notes:	
Liability due in <1 year at 31 December 2015	150,238
Liability due in >1 year at 31 December 2015	1,574,105

13. SHARE CAPITAL

Allotted, issued and fully paid:

	Nominal value	31 December 2015	31 December 2014
Number of Ordinary shares		2,199,091,843	1,915,875,310
Ordinary share capital	0.2p	£4,398,183	£3,831,750

Date of issue	Detail of issue	Number of Ordinary shares	Share capital £	Share premium £
At 1 January 2014		1,915,875,310	3,831,750	21,258,590
7 October 2015	Open Offer and Placing	283,216,533	566,433	-
As at 31 December 2015		2,199,091,843	4,398,183	21,258,590

In the year ended 31 December 2015 the following Ordinary share issues occurred:

On 7 October 2015 the Company raised gross proceeds of £377,135 through a placing of 188,567,335 new Ordinary Shares in the market. Additional proceeds of £189,298 were raised through a placement of 94,649,198 new Ordinary Shares to Greenstone Resources LP (note 12).

14. TAXATION

	Group 31 December 2015 £	Group 31 December 2014 £
Tax charge for year	-	-
Factors affecting the tax charge for the year		
Loss from continuing operations before income tax expenses	(9,797,691)	(3,320,477)
Tax at 20.25% (2014: 21.50%)	(1,984,032)	(713,903)
Expenses not deductible	784,095	13,156
Overseas rate differences	(271,398)	(364,241)
Excess / (shortfall) of fiscal depreciation over accounting depreciation	21,922	20,250
Other timing differences not recognised (exploration costs, leave pay)	521,465	788,035
Losses carried forward not recognised	927,949	256,702
Income tax expense	-	-

The Group has tax losses of £15.3m (2014 (restated): £11.0m) and exploration costs of £11m (2014: £12.4m) which will be available for offset against future income. No deferred tax has been reflected on these assets as the timing of their utilisation is uncertain at this stage.

The total amounts of deferred tax are:

	Group 31 December 2015 £	Group 31 December 2014 £
Total provided for	-	-
Un-provided for		
Accelerated capital allowances	(70,246)	(63,847)
Exploration costs	(4,142,240)	(4,655,584)
Unutilised losses	(2,860,325)	(1,382,246)
Total un-provided deferred tax asset	(7,072,811)	(6,101,677)

15. INVESTMENT IN JOINT VENTURE

Brandberg Energy (Proprietary) Limited ('Brandberg'), a Namibian company, was a 50:50 joint venture ("JV") with Extract Resources Ltd ('Extract') and NRR Energy Minerals Limited ("NRR Energy"), a 100% owned subsidiary. In January 2012, NRR Energy transferred US$800,000 (£509,635) to Brandberg to acquire 50% of its share capital. The principal assets of Brandberg were exploration licences, EPL 3327 and EPL 3328, pursuant to which, Brandberg had the rights to explore for nuclear fuel minerals in western Namibia. The Subscription Funds were used by Brandberg to explore for uranium on these licences.

The joint venture had no contingent liabilities or capital commitments as at 31 December 2015 and 31 December 2014.The carrying value of the investment is nil at the year end (2014: nil)

16. INVESTMENT IN ASSOCIATED COMPANY

The following entity meets the definition of an associate and has been equity accounted in the consolidated financial statements:

Company	**Country of Incorporation**	**Group interest 31 December 2015**	**Group interest 31 December 2014**
North River Resources (Murrupula) Limitada	Mozambique	40%	40%

North River Resources (Murrupula) Limitada ('Murrupula') is a company that was registered in Mozambique on 27 January 2011. The Group's interest in Murrupula is jointly held by North River Resources plc and NRR Mozambique Limited. It is also the beneficial owner of an exploration licence in Mozambique. The licence and Murrupula are the subject of a Heads of Agreement between Baobab Resources Limited ("Baobab") and North River Resources plc. Under this agreement Baobab is entitled to a 60% participation interest in Murrupula. Boabab have completed the agreed level of exploration work. Legal control over Murrupula has not yet passed to Baobab, however, effective control has passed.

Accordingly, these consolidated financial statements have been prepared on the basis that control has passed and that Murrupula is treated as an associate as from 1 October 2011.

Aggregated amounts relating to the associate are as follows:

	31 December 2015 £	**31 December 2014 £**
Total assets	138,678	138,678
Total liabilities	(25,208)	(25,208)
Net assets	113,470	113,470
Share of net assets	45,388	45,388
Goodwill on acquisition	67,794	67,794
The group's share of net assets representing the group's carrying value of investments in associate	113,182	113,182
Revenues	-	-
Losses	-	-
The Group's share of loss	-	-

Carrying value of investment in associate

	Group 31 December 2015 £	**Group 31 December 2014 £**
Cost and carrying value of investment	113,182	113,182

The financial statements as at 31 December 2011 were prepared on the assumption that Murrupula incurred exploration expenditure directly. Subsequent to the release of the 31 December 2011 financial statements, the JV partners agreed that they would account for the respective costs individually. Accordingly, Murrupula has no income or expense either at 31 December 2014 or 31 December 2015, and the disclosure above reflects this position.

17. SUBSIDIARY COMPANIES

The financial statements include the following subsidiary companies:

Company	**Country of Incorporation**	**Equity holding**	**Nature of business**
NRR Energy Minerals Limited	United Kingdom	100%	Exploration and mining
NRR Mozambique Limited	United Kingdom	100%	Exploration and mining
West Africa Gold Exploration (Namibia) (Pty) Ltd	Namibia	100%	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	Namibia	100%	Exploration and mining
North River Resources Namibia (Pty) Ltd	Namibia	100%	Administration
North River Resources (Mavuzi) Limitada	Mozambique	100%	Inactive

NRR Energy Minerals Limited and NRR Mozambique Limited were established in October and December 2010 respectively as wholly owned subsidiaries of North River Resources plc. NRR Energy Minerals Limited has not traded during the year. NRR Mozambique Limited has not traded however, it has provided financial support to its subsidiary, North River Resources (Mavuzi) Limitada and to its associate North River Resources (Murrupula) Limitada (see note 16).

The acquisition of West Africa Gold Exploration (Namibia) (Pty) Ltd ('WAGE') and Namib Lead is discussed in detail under Note 6 'Goodwill and Impairment Review'.

North River Resources Namibia (Pty) Limited was established in December 2009 and acts as the administration company for the Group's activities in Namibia leaving the other subsidiaries to concentrate on exploration activity.

Carrying value of investments in subsidiaries

	31 December 2015 £	**31 December 2014 £**
At 1 January and 31 December	472,991	472,991

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

Carrying value of loans in subsidiaries

	31 December 2015 £	**(Restated) 31 December 2014 £**
Loans due from subsidiary undertakings	4,110,251	11,061,779

At the end of 2015 the Parent Company had receivables from several Group companies, namely West Africa Gold Exploration (Namibia) (Pty) Ltd ("WAGE"), Namibia Lead Zinc Mining (Pty) Ltd ("NLZ") and

North River Resources Namibia (Pty) Ltd (“NRRN”).

Since the acquisition of the subsidiaries the Company has provided amounts to the subsidiaries to fund the Group’s long term exploration and development activities. These receivables are interest free, unsecured and have no fixed repayment terms. These loans are considered to be long term with no repayment expected in the foreseeable future and have therefore been included in net investments in the subsidiaries.

As disclosed in note 6, the Directors have made an impairment of the goodwill associated with WAGE. As a consequence of this goodwill impairment, a provision against the recoverability of the loan to WAGE of £5,690,956 has also been made in the Company’s accounts (2014: nil). This subsidiary loan impairment does not impact the consolidated income statement or net assets.

The Directors are of the opinion that no provision for impairment is required with respect to the goodwill associated with Namibia Lead Zinc Mining (Pty) Ltd (NLZ) and that the loans due from NLZ and NRRN are fully recoverable.

2014 Prior Year Restatement

In 2015 the calculation of the loan balances due from Namibia have been materially restated to more appropriately classify exchange rate fluctuations and to align with the accounting policies of the company. The original loan agreements dated in 2011 were with the following subsidiaries: West Africa Gold Exploration (Namibia) (Pty) Ltd (“WAGE”), Namibia Lead Zinc Mining (Pty) Ltd, North River Resources Namibia (Pty) Ltd.

The subsidiaries’ loan balances are denominated in their local currency (Namibian Dollars) per the original loan agreements. However, in prior years the loans were accounted for as balances denominated in the parent Company’s functional currency (GBP).

In 2014 the foreign currency exchange variance between the Namibian denominated loans and the GBP equivalent had not been included as an expense in the Company’s accounts. At 31 December 2014, the GBP values of the subsidiary loan balances were therefore overstated and there was an accumulated foreign exchange difference between the Namibian and Company balances of £4,568,609. This arose due to the weakening of the Namibian Dollar currency against GBP over several years. This is shown as a prior year adjustment in the Company’s accounts for 2014 as a write down of the subsidiary loans recoverable and an increase in the retained losses of the Company at 31 December 2014 by £4,568,609. As these loans are part of the Company’s net investment in the subsidiaries, the above adjustment does not affect the Group’s results, loss per share or net assets.

18. SHARE-BASED PAYMENTS

Share options outstanding

	31 December 2015 Number	31 December 2014 Number
Opening balance	9,100,000	105,100,000
Expired/cancelled during the year [Note 1]	(9,100,000)	(96,000,000)
Closing balance	-	9,100,000

Note 1:
4,725,000 options granted on 3 March 2010 with an exercise price of 10p expired on 01 February 2015.
4,375,000 options granted on 1 February 2011 with an exercise price of 10p expired on 01 February 2015.
These options were fully expensed in prior periods. The prior period cost of these options of £115,645 was transferred to retained losses from the share-based payment reserve during the year ended 31 December 2015.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the Group's financial statements.

	Book Values		Fair Values	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	£	£	£	£
Financial Assets				
Trade and other receivables	25,767	444,817	25,767	444,817
Cash and cash equivalents	1,376,740	1,904,860	1,376,740	1,904,860
Total	1,402,507	2,349,677	1,402,507	2,349,677
Financial Liabilities				
Trade and other payables	202,897	326,955	202,897	326,955
Convertible loan notes	2,305,680	-	1,724,344	-
Total	2,508,577	326,955	1,927,241	326,955

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying value amounts largely due to the short-term maturities of these instruments.

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

The main purpose of cash and cash equivalents financial instruments is to finance the Group's operations.

The Group's other financial assets and liabilities such as trade receivables and trade payables, arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken.

Greenstone funding
On 10 August 2015 the Group entered a new Investment Agreement with Greenstone Resources LP ("Greenstone").

Under the Investment Agreement a Placing and Open Offer ("Open Offer") would be offered to the market for New Shares at the Offer Price to raise a total amount of $4,000,000 before expenses. Greenstone underwrote the Open Offer to subscribe for New Shares and/or Notes under the terms and conditions of the Agreement, see note 13 for the Open Offer details.

The Board reviews and agrees policies for managing key risks to the business and these are summarised below.

Market risk
Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. The convertible loan notes (details in note 12) bear a fixed annual rate of interest until maturity. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The Group has no policy as to maximum or minimum level of fixed or floating instruments.

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

	Weighted average effective interest rate	Floating interest rate maturing in 1 year or less	Fixed interest rate	Non-interest bearing 2015	Total
Year ended 31 December 2015	**%**	**£**	**£**	**£**	**£**
Financial assets					
Trade and other receivables	-	-	-	25,767	25,767
Cash on deposit	0.5	1,376,740	-	-	1,376,740
Total financial assets		1,376,740	-	25,767	1,402,507
Financial liabilities					
Trade and other payables	-	-	-	202,897	202,897
Convertible loan notes (fixed interest rate)	10.00	-	1,724,343	-	1,724,343
Total financial liabilities		-	1,724,343	202,897	1,927,240

	Weighted average effective interest rate	Floating interest rate maturing in 1 year or less	Fixed interest rate 2014	Non-interest bearing 2014	Total
Year ended 31 December 2014	**%**	**£**	**£**	**£**	**£**
Financial assets					
Trade and other receivables	-	-	-	444,817	444,817
Cash on deposit	-	1,904,860	-	-	1,904,860

Total financial assets		1,904,860	-	444,817	2,349,677
Financial liabilities					
Trade and other payables	-	-	-	326,955	326,955
Total financial liabilities		-	-	326,955	326,955

Net fair value
The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the Statement of Financial Position and in the related notes.

Currency risk
The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the Namibian Dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

Financial risk management
The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

Liquidity risk
Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of exploration activities. The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables at 31 December 2015 consist primarily of prepayments and other sundry receivables. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Capital management
The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital will continue to be sourced from equity and from borrowings as appropriate.

21. RELATED PARTY TRANSACTIONS

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

Convertible loan notes

During the year the Group was issued convertible loan notes by Greenstone Resources LP as part of the contracted subscription agreement in the Open Offer to the market in September 2015. The total value of the US Dollar loan notes issued at 31st December 2015 is £2,305,680 ($3,418,355). As part of the agreement interest is due quarterly in arrears on the full balance of the loan notes at an annualised rate of 10%. The total interest paid up to the 31st December 2015 was £50,698.

As part of the contractual agreement a sum of £129,786 ($200,000) was paid in consideration for underwriting the Open Offer to Greenstone Resources LP. A further amount of £41,480 ($63,120) was paid to Greenstone Resources LP for professional fees incurred by the company in the set up costs of the Open Offer, see note 12 for further details.

Directors' consulting fees

- During the year several Directors provided consulting services in addition to their directors' fees.
- Martin French received £6,000 during for consulting services during the handover period to James Beams.
- Ken Sangster and Associates Limited, a Company of which Ken Sangster is also a Director, were engaged for additional consultancy work relating to metallurgical testwork during the year and received a fee of £8,500.
- James Beams received £7,661 of consulting fees prior to becoming an employee and director.

22. EMPLOYEES' AND DIRECTORS' REMUNERATION

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

Group	**Year ended 31 December 2015 £**	**Year ended 31 December 2014 £**
Employee, Directors and Contractors remuneration	901,418	564,840
Employee, Directors and Contractors social security costs	51,605	40,688
Total	953,023	605,528
Average employee, directors and contractor numbers	**Number**	**Number**
Exploration and expenditure	28	20
Non-executive Directors	6	4
Administration and management	6	5
Total	40	29

Directors' remuneration (excluding employer's National Insurance) for the year was as follows:

2015 **Directors**	**Directors' salary Year to 31 Dec 15 £**	**Directors' bonus Year to 31 Dec 15 £**	**Directors' fees Year to 31 Dec 15**	**Directors' consulting fees Year to 31 Dec 15 £**	**Total Year to 31 Dec 15 £**
Martin French	159,980	-	-	6,000	165,980
Brett Richards	-	-	24,000	-	24,000
Mark Thompson	-	-	24,000	-	24,000

James Beams	142,692	22,500	-	7,661	172,853
Keith Marshall	-	-	28,000	-	28,000
Ken Sangster	-	-	28,000	-	28,000
Rodney Beddows	-	-	1,935	-	1,935
	302,672	22,500	105,935	13,661	444,768

2014 **Directors**	**Directors' salary Year to 31 Dec 14**	**Directors' bonus Year to 31 Dec 14**	**Directors' fees Year to 31 Dec 14**	**Directors' consulting fees Year to 31 Dec 14**	**Total Year to 31 Dec 14**
	£	**£**	**£**	**£**	**£**
Martin French	150,000	150,000	(14,000)	-	286,000
Zuyuan He	-	-	(8,000)	-	(8,000)
Zhiping Yu	-	-	(4,000)	-	(4,000)
Ms. Qi Yu	-	-	(4,000)	-	(4,000)
Brett Richards	-	-	24,000	-	24,000
Mark Thompson	-	-	24,000	-	24,000
	150,000	150,000	18,000	-	318,000

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

23. CONTROL

No one party is identified as controlling the Group.

24. EXPLORATION EXPENDITURE AND RESTORATION COMMITMENTS

Restoration commitments

The Group has no obligations at 31 December 2015 to undertake any rehabilitation or restoration activity on the licences currently held.

Existing Exploration Licences in Namibia

The Group has a number of exploration licences in Namibia (see Note 6). The Group plans to carry out further exploration work on the licences, the amount of work being dependant on success at each stage. Estimated exploration expenditure, based on success, could be up to £0.6 million on these licences through 2016. There is scope in the Mines and Minerals Act for expenditure to be altered by the Group and still keep the licences in good standing. It should also be noted that if the project has negative results in the first 6 months of the licence tenure – then the project can be terminated without further expenditure.

Existing Exploration Licences in Mozambique

The Group has an effective 40% interest in a licence in Mozambique, through its associated company North River Resources (Murrupula) Limitada. The cost of maintaining this licence is not significant to the Group and will be borne by North River Resources plc (see Note 16).

25. SUBSEQUENT EVENTS

On 28 January 2016 the Company received from Ministry a Notice of Preparedness to Grant the mining licence (the "Notice") for the Namib Lead-Zinc Project. The Notice contained a number of supplementary terms and conditions relating to matters including, inter alia, the work programme, production, environment and Namibian participation in the Project that will apply to the mining licence. North River sought clarification from the Ministry on certain aspects of the supplementary conditions and its interpretation of them. Pending this clarification, the Company accepted the Notice on 26 February 2016 based on its understanding of the Supplementary Conditions.

In accordance with the process set out in the Notice, the Company submitted a proposal to the Ministry on 25 April 2016, covering local ownership of the Namib Project, participation by historically disadvantaged Namibians in management of the Namib Project, and the Company's corporate social responsibility strategy. The supplementary terms and conditions and the proposal must be agreed between the Company and the Ministry before the mining licence is issued. The Notice sets out a further process and timeline through to mid-2016 for these discussions.

On 12 February 2016, drill results were announced 4,828 metres of drilling (66 holes) which had been completed subsequent to the last Mineral Resource Estimate of August 2014. Of these, 52% (34 holes) had significant intercepts. Drilling was undertaken mainly in the top half of the North Orebody and also below the historic South Mine, which is around 200m below surface. In general, the drilling results in both areas met management's expectations and increased its confidence in the Mineral Resource.

On 21 March 2016, initial drilling results from the ongoing ~3,800 metre resource expansion drilling campaign were announced. 14 holes totalling 1,472 metres had been drilled and the early results indicate the continuation of mineralisation 80 metres below the existing Northern part of the orebody. This provides support for the Company's confidence in delivering an increased resource estimate for the Namib project following completion of the drilling campaign. Of the eight holes reported, significant mineralisation was intersected in four holes:

- NLDD067: 57.1m (true width of 8.5 metres) at 28.6% zinc and 33g/t silver*;
- NLDDK074: 3.0m (true width of 1.5 metres) at 35.0% zinc and 11.9m (true width of 6.0 metres) at 20.8% zinc;
- NLDDK075: 8.7m (true width of 4.0 metres) at 19.5% zinc and 3.0m (true width of 2.0 metres) at 12.2% zinc; and
- NLDDK076: 3.6m (true width of 1.3 metres) at 9.8% zinc, 2.6% lead and 42g/t silver, plus 8.1m (true width of 2.5 metres) at 6.7% zinc, 7.6% lead and 101g/t silver
- Silver results are provisional, awaiting QAQC checks
- On 26 April 2016, further three drill hole results were announced, with significant mineralisation intersected in two of the holes:
- NLDD069: 35.7m (true width of 9 metres) at 33.8% zinc, and
- NLDDK077: 3.8m (true width of 1.5 metres) at 10.6% zinc and 5.8m (true width of 2 metres) at 12.2% zinc and 10.9% lead