

<b>Company</b>	<a href="#">North River Resources Plc</a>
<b>TIDM</b>	NRRP
<b>Headline</b>	Acquisition of Assets from Kalahari Minerals
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North River Resources Plc  
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### **North River Resources plc ('North River' or 'the Company')**

#### **Proposed Acquisition of Namibian gold and base metal assets from Kalahari Minerals Plc - creating a strategic alliance with Kalahari which will become a significant shareholder in North River**

North River Resources plc, the AIM listed Southern African multi commodity resource company, announces that it has entered into a conditional Share Sale Agreement ('SSA') with Kalahari Minerals Plc ('Kalahari') to acquire, evaluate and, if appropriate, to develop Kalahari's gold and base metal assets in Namibia held by Kalahari's subsidiaries West African Gold Exploration (Namibia) Proprietary Limited and Craton Diamonds (Proprietary) Limited.

#### **Overview**

- North River is acquiring a number of base metal and gold assets in Namibia which it intends to develop in tandem with Kalahari. Completion expected November 2009
- Transaction marks the next stage in North River's development of becoming a southern African focussed multi commodity resource company
- Kalahari to be a significant shareholder in North River and has indicated its intention to maintain its shareholding percentage through support of future equity financings
- Mark Hohnen (Executive Chairman of Kalahari) and Professor Glyn Tonge to be appointed to the Board of North River as Chairman and Non-executive Director respectively
- North River's existing corporate and technical team to be strengthened by the addition of Kalahari's established development team in Namibia positioning the Company for rapid growth
- Kalahari has previously spent circa £8 million on the exploration and evaluation of the assets
- Defined development plan to generate cash flow in the medium term from the company's key assets - heap leach copper projects and the Namib lead/zinc project

- North River has, with the financial support of Kalahari, submitted an indicative bid on a significant gold deposit in Namibia - emphasising the strength of North River in conjunction with Kalahari, in its ability to move quickly on opportunities with the necessary financial and technical support available. The bid results are expected in January 2010
- Acquisition of Mozambique gold and uranium projects now completed

North River Managing Director David Steinepreis said, "With the addition of these assets, we have strengthened our position as an emerging southern African focussed multi-commodity resource company. This agreement with Kalahari provides us with the opportunity to realise the exploration potential of the exciting portfolio of gold and base metal assets in Namibia whilst maintaining the operational, corporate and financial support of Kalahari. By working together, we will be able to rapidly advance these assets, which have already had extensive exploration work and resource drilling conducted upon them, with a view to achieving production from key projects in the medium term. Importantly, we will combine the existing corporate and technical skills of North River with Kalahari's established team in Namibia.

"I am particularly pleased at the prospect of both the North River and Kalahari teams working in close co-operation moving forward as we build on the expertise and experience that has been amassed by both companies. The addition of both Mark Hohnen and Glyn Tonge to our board will, I believe, be invaluable."

## **FULL RELEASE**

North River Resources plc ("North River" or "the Company") is pleased to announce that it has entered into a conditional Share Sale Agreement ("SSA") with AIM listed Kalahari Minerals Plc ("Kalahari") to acquire the entire issued share capital of Kalahari's 100 per cent. owned subsidiaries, West Africa Gold Exploration (Namibia) (Proprietary) Limited ("WAGE") and Craton Diamonds (Proprietary) Limited ("Craton ") and related shareholder loans ("the Acquisition").

WAGE owns a number of copper and gold projects in Namibia whilst Craton holds a 100% interest in the Namib Lead Mine, a Lead Zinc project, also in Namibia. A significant amount of exploration work, including extensive drilling, has been undertaken on these projects, which the North River Directors believe warrant further work, focus, appraisal and development with the potential for early production.

## **THE ACQUISITION**

North River and Kalahari have sought to establish a dedicated team for the non uranium assets of Kalahari. The Board of North River believes that a separate listed AIM company with a dedicated technical and corporate team concentrating on the potential already demonstrated for these assets and future acquisitions is the correct strategy for the future.

In consideration of North River assuming the responsibility and management of the projects, it has been agreed that Kalahari's exploration costs to date will be exchanged for shares in North River.

The purchase consideration for the shares and shareholder loans in WAGE will be £7.35 million which shall be satisfied by the allotment and issue of 245,000,000 ordinary shares in North River at an issue price of 3 pence per share.

The purchase consideration for the shares and shareholder loans in Craton will be £650,000, which shall be satisfied by the allotment and issue of 21,666,667 ordinary shares in North River at an issue price of 3 pence per share.

The Agreement, which is subject to completion prior to a long stop date of 30 November 2009 ('Completion'), is conditional on, inter alia, the successful completion of a fund raise by North River of not less than £5 million, via an equity placing ('the Placing'), the approval of the Agreement by the shareholders of North River, satisfactory due diligence being completed by both Kalahari and North River, and no material adverse change occurring subsequent to the date of the Agreement and prior to Completion. Under the terms of the Agreement, Kalahari has given certain warranties in relation to WAGE and Craton to North River, whilst North River has given similar warranties to Kalahari and its subsidiaries.

Kalahari has agreed not to dispose of any North River shares for the period of 12 months following Completion. Furthermore, to facilitate and promote cooperation between the two companies, Mark Hohnen, Executive Chairman of Kalahari, and Professor Glyn Tonge, non-executive Director of Kalahari, will join the Board of Directors of North River as Chairman and non-executive director respectively. The Agreement also provides that Kalahari and its subsidiaries ('the Kalahari Group') shall have the right to appoint two Directors to the Board, whilst the Kalahari Group holds 20% or more of the issued share capital of North River.

The Board of North River has formed the view that the Acquisition is attractive. In particular:

- WAGE and Craton's projects are all located within renowned geological settings in Namibia;
- Kalahari has spent over £8 million to date on the properties being acquired and the properties all warrant further work;
- further upside potential exists from upgrading the current resources through further exploration and drilling which is North River's intention;
- feasibility studies to bring one or more projects into production could start within 12 months;
- by having a foothold within Namibia's resource rich country, opportunities will present themselves to add further to the current portfolio of assets; and
- Kalahari will become North River's largest shareholder and has indicated its intention to support the Company as the assets are developed.

## **WAGE AND CRATON PROJECTS**

Kalahari has been evaluating a portfolio of properties that covers an area of approximately 2121 km<sup>2</sup> in Western and Central Namibia and occupies a dominant position on the Kalahari Copper Belt. The projects have focused on copper, lead, zinc and gold. Exploration work completed to date has focused on the Dordabis (Copper), Witvlei (Copper) and Namib Lead Zinc Mine projects. All projects are owned by WAGE except the Namib Lead Zinc Mine which is owned by Craton. A JORC compliant Inferred Resource has been calculated for the Koperberg Prospect within the Dordabis Project. Kalahari has also completed non code compliant in-house resource estimates over the RK Zone Prospect within the Dordabis Project, the Malachite Pan, Okasewa and Christiadore Prospects within the Witvlei Project, and the Namib Lead Zinc Project.

Exploration has been undertaken over the Ubib Copper-Gold Project following an extensive geochemical survey and initial drilling. This project is located approximately 15km south west of the 4 million ounce Navachab Gold Mine. A nuclear fuels licence has also been applied for over the project area.

At the Dordabis Project, exploration work carried out since 2006 has focused on delineating and defining existing historical targets within the project area. This has resulted in the drill testing and release of a JORC compliant Inferred Resource of 1.74 Mt grading 0.9% Cu (16 000 t *in situ* metal) for the Koperberg Prospect in mid 2008.

All of the prospects investigated to date at Dordabis by Kalahari exhibit similar geology and are generally associated with the western margins of strongly laminated packages of magnetic metavolcanic rocks that are folded along a northeast trending axis. Until 2009, the focus of exploration has been centred on the Koperberg, RK Zone and nearby Swartberg Prospects (as well as Balfour, Klein Koperberg and Koperberg South Prospects). Emphasis has shifted to the Onverwacht Prospect where encouraging results from an ongoing regional soil geochemical program targeting potential volcanic hosted mineralisation has been received. The Koperberg and RK Zone Prospects have the potential to host small, but potentially exploitable oxide resources amenable to open pit extraction. Diamond drilling as well as additional metallurgical test work is required in order to confirm these potential oxide resources.

At Kalahari's Witvlei Project, widespread sediment hosted copper mineralisation has been evaluated by several operators, resulting in non code compliant resource estimates containing up to 250,000 t copper. Kalahari's exploration efforts to date have focused on validating these historical results and in-house non code compliant resource estimates over the Okasewa, Malachite Pan and Christiadore Prospects have been completed.

A conceptual scoping study, environmental baseline studies and metallurgical test work has been initiated over the Witvlei Project in order to assess all techno-economic parameters required to exploit Kalahari's estimated existing resource of 135 000t of contained copper (defined by in-house estimates over Okasewa, Malachite Pan and Christiadore). Completion of this work has been suspended since December 2008, although limited metallurgical test work is ongoing.

Since the acquisition of the Namib Lead Zinc Mine by Craton, Kalahari has completed a detailed diamond and reverse circulation (RC) drilling programme designed to validate underground and tailings resources. RC and diamond drilling has confirmed historical grade intercepts and thicknesses and has been used to calculate non code compliant mineral resource estimates for the N20/North orebodies as well as tailings. Initial metallurgical test work carried out by MINTEK has demonstrated the feasibility of producing saleable lead and zinc concentrates with good recoveries being obtained.

Potential exists at Namib to increase the resource base through additional drilling over the N20 and North orebodies as well as deep drilling to test depth continuity under the South and Junction orebodies. The possibility of short term exploitation of open pit/near surface ore resources will be investigated at the North orebody. This additional data, coupled with more detailed metallurgical test work and rigorous capital and operating cost estimates should satisfy the criteria required to re-develop/re-open the mine.

Previous non-JORC mine studies indicate surface tailings and in situ underground reserves of 1.65 mt @ 5.7% Zn, 1.6% Pb and 40.2 g/t Ag

At the Ubib Copper Gold project, Kalahari has completed a detailed greenfields exploration programme that has targeted copper/gold mineralisation along a well defined structural trend identified in the north eastern parts of the project area.

Kalahari's remote sensing techniques, and detailed stream sediment and soil sampling have delineated a zone of anomalous gold geochemistry that has resulted in the drilling of several diamond drillholes which have confirmed gold mineralisation and provide evidence of large scale hydrothermal alteration associated with a major shear zone. Several existing gold and copper/gold occurrences are known to exist within Kalahari's Ubib Project, many of them related to amphibolitic units and pegmatitic units.

#### **FINANCIAL INFORMATION ON WAGE AND CRATON**

At 31 December 2008 WAGE had net liabilities of approximately £7.8 million and Craton had net liabilities of approximately £600,000. For the year ended 31 December 2008 WAGE reported a loss of approximately £6.8 million on revenue of £Nil, and Craton reported a loss of approximately £770,000 for the year on revenue of £Nil.

Both WAGE and Craton were funded by Kalahari through a combination of loans and equity. The principal activities of both companies were mineral exploration and development whose costs were predominantly written off as incurred.

#### **RESULT OF ACQUISITION AND FUTURE STRATEGY**

The Directors of North River believe that the Acquisition and future strategy for North River will transform the Company with the aim of becoming a producer in the short term. The financial support of Kalahari together with its success in Namibia will be a solid base for North River to grow in its own right.

The acquisition of the Mozambique Gold and Uranium Projects signalled the beginning of the Company's intention to grow a portfolio of resource projects across various commodities and the acquisition of WAGE and Craton is an important second step in this strategy. Following completion of the Acquisition the Company intends to continue its growth by the acquisition of or investment in projects, assets and companies in Southern Africa.

#### **MOZAMBIQUE GOLD AND URANIUM PROJECTS**

Further to the announcement of 28 July 2009, the Company has now completed the acquisition of the projects in Mozambique. Following site inspections and technical evaluation the Company has decided to retain 5 licences including the historic Mavuzi uranium mine, Castro Uranium prospect, Boa Vissau gold prospect and the Murrupula Gold prospect. Work programmes for these projects are currently being developed.

#### **CONVERTIBLE LOAN**

The Company has raised an additional £100,000 by way of a convertible loan note to provide working capital predominately related to the costs of the Acquisition prior to Completion.

#### **INDICATIVE BID ON NAMIBIAN GOLD PROJECT**

In conjunction with a local company North River has today submitted a bid on a gold deposit in Namibia with the financial support of Kalahari. A strong technical team has been established with the strategy of bringing this deposit into production as soon as possible. North River is one of a number of bidders for the gold deposit and cannot guarantee success. The bid however emphasises the strength of North River in conjunction with Kalahari, in its ability to move quickly on opportunities with the necessary financial and technical support available.

## **SUSPENSION OF TRADING ON AIM**

The Acquisition constitutes a reverse transaction under the AIM Rules and is therefore conditional, inter alia, on the approval of North River shareholders. The Company has requested and been granted a suspension of trading in its ordinary shares with immediate effect pending publication of an AIM Admission Document to shareholders containing details of the Acquisition.

Further announcements regarding the Acquisition will be made in due course and a circular sent to North River shareholders containing details of the Acquisition, Placing and related matters as well as convening a general meeting of the Company to approve the Acquisition and associated matters as soon as possible.

**\*\* ENDS \*\***

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

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### **Notes to Editors:**

**North River Resources Plc** is an AIM listed emerging southern African focussed multi commodity resource development company. Its current portfolio includes uranium, copper and gold project in Mozambique and an historic early stage exploration project in Australia. North River's strategy is to identify, acquire and develop a portfolio of resource opportunities in sub-Saharan Africa at various stages of development in order to create value for its shareholders. The Company has a highly experienced board and management of industry and corporate professionals, led by David Steinepreis and Luke Bryan.

**Kalahari Minerals Plc** is an AIM listed mining and exploration group with a portfolio of uranium, copper and base metal interests in western and eastern central Namibia. Its key investment is its circa 40% holding in ASX and TSX listed Extract Resources Limited ([www.extractresources.com](http://www.extractresources.com)), which is developing the Husab Uranium Project, strategically located directly south of Rio Tinto's producing Rossing Mine. Work is focussing on three main prospects within the project area, Rossing

South, Ida Dome and Hildenhof, and results continue to underpin the prospectivity of the region, particularly following the world class Rossing South discovery. Extract has reported a JORC compliant combined Husab Resource (Global Resources) in excess of 292 M lbs U<sub>3</sub>O<sub>8</sub> of which 267 M lbs U<sub>3</sub>O<sub>8</sub> at a grade of 487 ppm from the two zones at Rossing South. Importantly these are both open ended at depth and along strike. Kalahari believes Extract has the ground and potential to deliver on Kalahari's estimates of a resource in the region of 500 M lbs U<sub>3</sub>O<sub>8</sub>.

Kalahari's copper interests are focused on two project areas, Dordabis and Witvlei, where an exploration programme is underway to define +250,000 tonnes of copper metal. A third project, Ubib, is believed to be prospective for gold mineralisation, whilst a fourth project, the Namib Lead Zinc Project, centred on the old Namib Lead Mine, contains surface tails and underground mining reserves of 1.65 million tonnes at 5.7% zinc, 1.6% lead and 40.2 g/t silver (non JORC compliant).

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