

NORTH RIVER RESOURCES PLC
REPORT AND ACCOUNTS
YEAR ENDED 30 JUNE 2008



NORTH RIVER RESOURCES PLC

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NORTH RIVER RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors:

David Christian Steinepreis	<i>Executive Chairman, Director</i>
Patrick Nicolas Burke	<i>Executive Director</i>
Robert Hartley Downey	<i>Executive Director</i> <i>(resigned 11 December 2008)</i>
Glenn Whiddon	<i>Non-Executive Director</i> <i>(appointed 11 December 2008)</i>
Martin French	<i>Non-Executive Director</i> <i>(appointed 11 December 2008)</i>

Company Secretary: John Michael Bottomley

Chief Operating Officer: Luke Bryan

Registered Office: One America Square
Crosswall
London EC3N 2SG

Company Number: 5875525

Nominated Adviser: Blue Oar Securities Plc
30 Old Broad Street
London EC2N 1HT

Nominated Broker: Blue Oar Securities Plc
30 Old Broad Street
London EC2N 1HT

Solicitors: Sprecher Grier Halberstam
One America Square
Crosswall
London EC3N 2SG

Auditors: UHY Hacker Young LLP
Quadrant House
17 Thomas More Street,
Thomas More Square
London E1W 1YW

Registrars: Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Principal Bankers: Barclays Bank Plc
7th Floor, United Kingdom House
180 Oxford Street
London BX3 2BB

NORTH RIVER RESOURCES PLC

CHAIRMAN'S STATEMENT

Dear Shareholders

North River has recently announced two new Directors in Glenn Whiddon and Martin French and Luke Bryan as Chief Operating Officer.

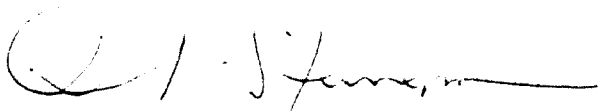
In the tough environment that we all face, it is imperative to be mindful that opportunities will arise and that North River needs to be positioned to act. In this regard, our new Directors and Luke have joined us and Glenn and myself will provide operational funding until equity funding is required.

North River continues with its joint venture in Australia but will be seeking other resource projects over time subject to stringent review and financing.

Obviously, the resource industry and our ability to finance an acquisition is undergoing dramatic changes. I am confident that when an attractive opportunity is identified, we will be in a favourable position to properly assess and complete a transaction.

Both small and large resource companies have had a difficult year and indeed 2009 will have challenges but the Directors have been reviewing many projects and this process will eventually bear fruit through an acquisition and creation of significant shareholder value in North River.

Yours sincerely



David Christian Steinepreis
Executive Chairman

17 December 2008

NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The Directors present their report, together with the audited financial statements of North River Resources plc ("North River" or "the Company") and its subsidiary undertakings (together "the Group") for the year to 30 June 2008.

The Company is registered in England and Wales, having been incorporated on 13 July 2006 under the Companies Act with registered number 5875525 as a public company limited by shares.

The Company was first listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 27 December 2006.

Principal Activity

The principal activity of the Group is mineral exploration. The Group operates in its parent undertaking and through a subsidiary company, details of which are set out in Note 7 to these accounts.

Review of the Business and Future Prospects

North River Resources plc is the holding company of North River Resources Pty Ltd ("NRRPL").

NRRPL is party to a Farm-In Agreement with Segue Resources Limited ("Segue"), the holder of the Coronet Hill Tenement ("the Tenement" or "EL 10004"). Under the Farm-In Agreement, NRRPL is entitled to earn a 20% interest in the Tenement by expending such amount as the parties may agree (currently being £400,000) up to a maximum of £500,000 on the Tenement on or before 18 August 2010.

Subject to having expended the initial expenditure, NRRPL is entitled to earn a further 31% interest (in aggregate a 51% interest) in the Tenement by expending a further amount equal to £2,000,000 less the initial agreed expenditure on the Tenement on or before 18 August 2012.

Details of the Coronet Hill Tenement are as follows:

Asset	Holder	Interest (%)	Status	License Expiry Date	License Area
EL10004 Northern Territory Australia	Segue	100	Exploration	18/08/2010	29.25 Kilometres ²

The Coronet Hill Tenement is situated in the southern part of the Pine Creek Inlier, 220 kilometres south east of Darwin in the Northern Territory of Australia. This major mineral province of the Northern Territory covers about 66,000 kilometres² and is centred 170 kilometres south of Darwin.

The Company (through NRRPL) has to date spent £100,000 under the Farm-In Agreement as its contribution to exploration on the Tenement.

Exploration on the Tenement was undertaken by Segue as manager under the Farm-In Agreement and has included the following:

- Soil sampling in the southern and most prospective part of the Coronet Hill Tenement. This demonstrated multi-element anomalism in the main Coronet Hill fault zone in the area tested. Field visits and grab sampling highlighted the abundance of massive and disseminated sulphide material in historical workings along the fault that gave values up to 20% copper but also significant arsenic.

NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Review of the Business and Future Prospects (continued)

- A gradient-array induced polarisation (IP) geophysical survey over the most prospective area to locate electromagnetic conductors that may be indicative of sulphide accumulations for drill testing. Five priority drilling targets have been selected out of information gathered from the IP survey.

Following the collection of bulk samples, metallurgical testwork is to be conducted to understand the metallurgical characteristics of the known mineralisation.

The Directors' intention is for the Group to satisfy its expenditure requirements under the Farm-In Agreement.

During the year to 30 June 2008, in addition to its activities related to the Coronet Hill Tenement, the Company identified and reviewed a number of potential investments in the resources sector, however none met the Company's investment criteria.

Results and Dividends

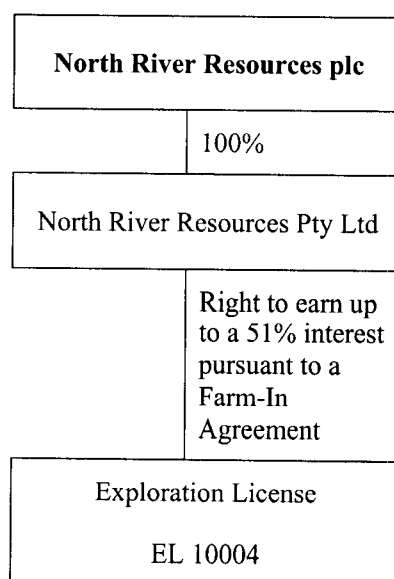
The Group results for the year are set out in the Financial Statements. The Directors do not propose to recommend any dividends for the year ended 30 June 2008.

The Group made a loss of £250,525 (2007: £251,954) for the year to 30 June 2008.

Due to the early stage of development of the Group, it is not meaningful to consider a review of key performance indicators in respect of the period under review.

Group Structure and Changes in Share Capital

The corporate structure of the Group is as follows:



NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Directors

The following Directors held office during the year and remain in office as at the date of this report:

David Christian Steinepreis	
Patrick Nicholas Burke	
Robert Hartley Downey	Resigned 11 December 2008
Martin French	Appointed 11 December 2008
Glenn Whiddon	Appointed 11 December 2008

Directors' Interests

The beneficial and non-beneficial interests in the Company's shares and share options of the current Directors and their families, as at 30 June 2008 are as follows:

	Ordinary shares of £0.001p each	Share options	Notes
David Christian Steinepreis	5,044,001	2,000,000	1
Robert Downey	2,250,000	Nil	2
Patrick Burke	620,000	Nil	3
Martin French	Nil	Nil	
Glenn Whiddon	2,750,000	2,000,000	4
	10,664,001	4,000,000	

1. The share and option holdings of Mr Steinepreis are: held directly (1 Ordinary Share), via his spouse (1,200,000 Ordinary Shares), Ascent Capital Holdings Pty Ltd (1,984,000 Ordinary Shares and 2,000,000 Options) and N & J Mitchell Holdings Pty Ltd as trustee for the Mitchell Unit Trust (1,860,000 Ordinary Shares).

Mr Steinepreis is a director of Ascent Capital Holdings Pty Ltd and a trust associated with the family of Mr Steinepreis is a 50 per cent owner of Ascent Capital. Mr Steinepreis is a director of N & J Mitchell Holdings Pty Ltd.

2. The share and option holding of Mr Downey is held via Canaccord Capital Australia Pty Ltd as trustee for the Big Bird Trust (2,250,000 Ordinary Shares).

Mr Downey is a director of Westwind Capital. Mr Downey is also a director of Canaccord Capital Australia Pty Ltd, and his spouse is a beneficiary of the trust.

3. The shareholding of Mr Burke is held via Rowan Hall Pty Ltd as trustee for Rowan Hall Investment Trust of which Mr Burke is a potential beneficiary.

4. The shareholding and option holding of Mr Whiddon is held by Lagral Capital SCP (2,750,000 Ordinary Shares) and via Westwind Capital (2,000,000 Options).

There have been no material changes in the Directors' shareholdings between the year end and the date of this report.

The Directors have undertaken that they will not dispose of Ordinary Shares, interests in shares arising from the exercise of Options or other interests in Ordinary Shares, save in accordance with the AIM Rules for a period of 12 months from Admission and for a further period of 12 months to dispose of such Ordinary Shares only with the broker's consent.

NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30 JUNE 2008

Report on Directors' Remuneration and Service Contracts

Directors serve under the terms and conditions of a services agreement in place between the Company and its Directors whereby the Directors other than Martin French are paid £1,000 per month. Either party is required to give 3 months' notice of their intention to cancel the agreement.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Directors' Remuneration -audited

The remuneration paid to the Directors and / or entities related to Directors during the year ended 30 June 2008 was as follows:

2008 Directors		Fees and Salaries £	Share Based Payments £	Total 30 June 2008 £
David Steinepreis	1	12,000	-	12,000
Robert Downey	2	12,000	-	12,000
Patrick Burke	3	19,193	-	19,193
		43,193	-	43,193

2007 Directors		Fees and Salaries £	Share Based Payments £	Total 30 June 2007 £
David Steinepreis		33,000	51,592	84,592
Robert Downey		30,636	51,592	82,228
Patrick Burke		14,997	-	14,997
		78,633	103,184	181,817

- 1 Ord Street Services, an entity associated with David Steinepreis, provided the Company with the services of David Steinepreis and was paid £2,000 in fees during the year.

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis, was paid fees in the amount of £2,000 for the provision of the services of Mr Steinepreis.

Mr Steinepreis was paid a gross salary of £8,000 for work undertaken by him in the corporate management of the Company.
- 2 Quantum Vis Pty Ltd, a company associated with Robert Downey, was paid fees as per the services agreement between Mr Downey and the Company of £12,000.
- 3 Patrick Burke was paid fees as per his services agreement of £12,000. He was paid a further £7,193 for legal services provided with regard to the proposed investment in White Coal Energy, which did not proceed.

NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED TO 30 JUNE 2008

Substantial Shareholders

The Company has been notified, in accordance with sections 198 and 202 of the Companies Act 1985, of the under noted interests in its ordinary shares as at 11 December 2008 of 3% shareholders and above:

	Number of ordinary shares	%
Fiske Nominees Limited	6,200,000	9.12%
Sunvest Corporation Limited	6,200,000	9.12%
HSBC Global Custody Nominee (UK) Limited	5,609,000	8.25%
Lynchwood Nominees Limited	5,250,000	7.72%
Forest Nominees Limited	5,000,000	7.35%
Canaccord Capital (Australia) Pty Ltd	4,500,000	6.62%
Montague Stockbroking Pty Ltd	4,250,000	6.25%
Pershing Nominees Limited	2,990,000	4.40%
Montague Stockbroking Pty Ltd	2,750,000	4.04%

Information to Shareholders – Website

The Company maintains a website (www.northriverresources.com) to facilitate provision of information to external stakeholders and potential investors and to meet the new AIM guidance. Management of the website is undertaken by the Company, to ensure that it is kept up to date and that all announcements are posted in a timely manner.

Political and Charitable Contributions

No political or charitable contributions made by the Company during the year ended 30 June 2008.

Supplier Payment Policy and Practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

Post Balance Sheet Events

Since 30 June 2008 the Company has undertaken the collection of bulk samples and submitted these for metallurgical testwork to understand the metallurgical characteristics of the known mineralisation. Test results are yet to be received. The Company has expended approximately £25,000 on collection of the bulk samples and metallurgical testwork.

On 31 October 2008 the Company and its Farm-In partner Segue Resources Limited agreed to revise the Coronet Hill Tenement Farm-In Agreement. Under the revised Farm-In Agreement, NRRPL is entitled to earn a 20% interest in the Tenement by expending such amount as the parties may agree (currently being £400,000) up to a maximum of £500,000 on the Tenement on or before 18 August 2010 (previously 27 December 2008).

Subject to having expended the initial expenditure, NRRPL is entitled to earn a further 31% interest (in aggregate a 51% interest) in the Tenement by expending a further amount equal to £2,000,000 less the initial agreed expenditure on the Tenement on or before 18 August 2012 (previously 27 December 2010).

On 24 November 2008 the Company entered into an agreement with Lagral Capital, a company associated with newly appointed Director Glenn Whiddon, and Ascent Capital, a company associated with the Chairman David Steinepreis, whereby these companies will make available a £300,000 convertible loan facility to the Company.

NORTH RIVER RESOURCES PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED TO 30 JUNE 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgments and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

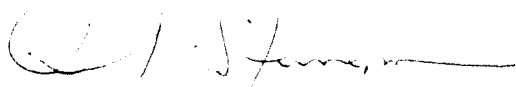
Statement of Disclosure to the Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

UHY Hacker Young LLP were appointed auditors to the company. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

This report was approved by the Board on 17 December 2008 and signed on its behalf by:



David Steinepreis
Executive Chairman

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NORTH RIVER RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2008**

We have audited the Group and parent company financial statements (the "financial statements") of North River Resources plc for the year ended 30 June 2008 which comprise the Group income statement, the Group and parent company balance sheets, the Group and parent company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and those International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

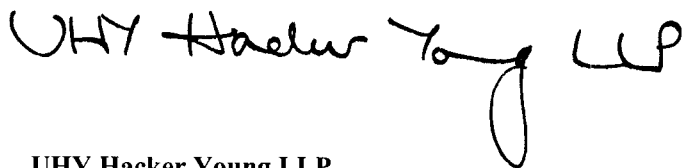
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NORTH RIVER RESOURCES PLC (Continued)
FOR THE YEAR ENDED 30 JUNE 2008**

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of the Group's loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 30 June 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



UHY Hacker Young LLP
Chartered Accountants
Registered Auditors
Quadrant House
17 Thomas More Street,
Thomas More Square
London E1W 1YW

17 December 2008

NORTH RIVER RESOURCES PLC

**GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	Year ended 30 June 2008 £	Period ended 30 June 2007 £
Administrative expenses	3	(260,059)	(259,982)
Loss on operating activities		(260,059)	(259,982)
Interest paid		(118)	(34)
Interest received		9,652	8,062
Loss on ordinary activities before taxation		(250,525)	(251,954)
Taxation	9	-	-
Loss on ordinary activities after taxation		(250,525)	(251,954)
Total recognised loss for the year/ period		(250,525)	(251,954)
Loss per share		Pence	Pence
Basic and diluted	15	0.37	0.64

The comparative period ran from 13 July 2006 to 30 June 2007.

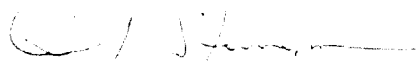
All of the above amounts are in respect of continuing operations.

NORTH RIVER RESOURCES PLC

**GROUP AND COMPANY BALANCE SHEETS
AS AT 30 JUNE 2008**

	Note	Group 30 June 2008 £	Company 30 June 2008 £	Group 30 June 2007 £	Company 30 June 2007 £
Non Current Assets					
Intangible assets	4	100,000	-	100,000	-
Debtors	5	-	100,000	-	100,000
		<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Current Assets					
Cash and cash equivalents	12	121,693	121,693	387,797	387,797
		<u>121,693</u>	<u>121,693</u>	<u>387,797</u>	<u>387,797</u>
TOTAL ASSETS		<u>221,693</u>	<u>221,693</u>	<u>487,797</u>	<u>487,797</u>
Current Liabilities					
Creditors: amounts falling due within one year	6	(20,159)	(20,159)	(35,738)	(35,738)
		<u>(20,159)</u>	<u>(20,159)</u>	<u>(35,738)</u>	<u>(35,738)</u>
TOTAL LIABILITIES		<u>(20,159)</u>	<u>(20,159)</u>	<u>(35,738)</u>	<u>(35,738)</u>
NET ASSETS		<u>201,534</u>	<u>201,534</u>	<u>452,059</u>	<u>452,059</u>
Capital and Reserves Attributable to Equity Holders					
Called up share capital	8	68,000	68,000	68,000	68,000
Share premium account	9	481,238	481,238	481,238	481,238
Option premium reserve	9	154,775	154,775	154,775	154,775
Retained losses	9	(502,479)	(502,479)	(251,954)	(251,954)
TOTAL EQUITY		<u>201,534</u>	<u>201,534</u>	<u>452,059</u>	<u>452,059</u>

These financial statements were approved by the Board of Directors on 17 December 2008 and signed on its behalf by:



David Steinepreis
Executive Chairman

NORTH RIVER RESOURCES PLC

**GROUP AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Group year ended 30 June 2008 £	Company year ended 30 June 2008 £	Group period ended 30 June 2007 £	Company period ended 30 June 2007 £
Net cash outflow from operating activities	13	(275,638)	(275,638)	(69,469)	(69,469)
Returns on investments and servicing of finance					
Interest paid		(118)	(118)	(34)	(34)
Interest received		9,652	9,652	8,062	8,062
Net cash inflow from returns on investment and servicing of finance		9,534	9,534	8,028	8,028
Investing					
Capitalised costs – Farm-In costs Coronet Hill	4	-	-	(100,000)	-
Net cash outflow from investing		-	-	(100,000)	-
Financing					
Loan to subsidiary	5	-	-	-	(100,000)
Proceeds from issue of shares		-	-	754,000	754,000
Costs of the issue of shares		-	-	(204,762)	(204,762)
Net cash inflow from financing		-	-	549,238	449,238
Increase/(decrease) in cash and cash equivalents		(266,104)	(266,104)	387,797	387,797
Cash and cash equivalents at the beginning of the period		387,797	387,797	-	-
Cash and cash equivalents at the end of the year/ period	12	121,693	121,693	387,797	387,797

NORTH RIVER RESOURCES PLC

**STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

2008	Share Capital £	Share Premium £	Retained Losses £	Option Reserve £	Total £
Company					
Balance at 1 July 2007	68,000	481,238	(251,954)	154,775	452,059
Issue of shares	-	-	-	-	-
Issue costs	-	-	-	-	-
Share option charge	-	-	-	-	-
Net loss for the year	-	-	(250,525)	-	(250,525)
Balance at 30 June 2008	68,000	481,238	(502,479)	154,775	201,534
Group					
Balance at 1 July 2007	68,000	481,238	(251,954)	154,775	452,059
Issue of shares	-	-	-	-	-
Issue costs	-	-	-	-	-
Share option charge	-	-	-	-	-
Net loss for the year	-	-	(250,525)	-	(250,525)
Balance at 30 June 2008	68,000	481,238	(502,479)	154,775	201,534
2007	Share Capital £	Share Premium £	Retained Losses £	Option Reserve £	Total £
Company					
Issue of shares	68,000	686,000	-	-	754,000
Issue costs	-	(204,762)	-	-	(204,762)
Share option charge	-	-	-	154,775	154,775
Net loss for the period	-	-	(251,954)	-	(251,954)
Balance at 30 June 2007	68,000	481,238	(251,954)	154,775	452,059
Group					
Issue of shares	68,000	686,000	-	-	754,000
Issue costs	-	(204,762)	-	-	(204,762)
Share option charge	-	-	-	154,775	154,775
Net loss for the period	-	-	(251,954)	-	(251,954)
Balance at 30 June 2007	68,000	481,238	(251,954)	154,775	452,059

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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 ("IFRSs") including IFRS 6, Exploration for and Evaluation of Mineral Resources, as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 1985.

The Group's financial statements for the year ended 30 June 2008 were authorised for issue by the board of directors on 11 December 2008 and the balance sheets were signed on the board's behalf by David Steinepreis. The Group financial statements are presented in UK pounds sterling.

In accordance with the provisions of section 230 of the Companies Act 1985, the parent company has not presented a profit and loss account. A loss for the year ended 30 June 2008 of £250,525 (2007: £251,954) has been included in the income statement.

1.2 Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries. A list of subsidiaries appears in Note 7. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

1. Accounting Policies (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured.

Interest Income

Revenue is recognised as the interest accrues.

1.4 Foreign currency transactions

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 presentation currency of the Company and the presentation 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 balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets, liabilities and the results of the foreign subsidiary undertakings are translated into sterling at the rates of exchange ruling at the year end. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings are treated as movements on reserves.

1.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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.

1.6 Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company 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.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

1. Accounting Policies (continued)

1.7 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 balance sheet 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

1.8 Exploration and evaluation expenditure

Expenditure on exploration and evaluation incurred is accumulated either to maintain an interest or in earning an interest and is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest are current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment. The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

1.9 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

1. Accounting Policies (continued)

1.10 Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it meet its obligations in regards of the Coronet Hill Tenement, fund investigations into potential investments in the resources sector and to safeguard the Group's ability to continue as a going concern. Capital will continue to be sourced from equity and from borrowings as appropriate.

1.11 Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. No significant accounting estimates and / or assumptions have been made during the preparation of the financial report.

1.12 Share based payments

When and if the group makes share based payments to certain parties (including directors or entities related to directors) by way of issue of share warrants the fair value of these payments is calculated by the Group using the Black-Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Group's best estimate of shares that will eventually vest.

1.13 Financial instruments

International Accounting Standard 32 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. These disclosures have been made in note 15 to the accounts. The Group's policies include that no trading in derivative financial instruments shall be undertaken.

1.14 Earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares in issue, adjusted for any bonus elements.

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

Share options are considered anti-dilutive as the Group is in a loss making position.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

1. Accounting Policies (continued)

1.15 New standards and interpretations not applied

During the year, the IASB and IFRIC have issued a number of new standards, amendments and interpretations with an effective date after the date of these financial statements. Of these, only the following are expected to be relevant to the Group:

IFRS 8	Operating segments	1 January 2009
IFRS 2	Share based payments- amendments to vesting conditions and cancellations	1 January 2009
IAS 27	Consolidated and separate financial statements	1 July 2009

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group operates in one business segment, that being, mineral exploration and evaluation and currently operates within the United Kingdom and Australia.

Geographical Segment – Group 2008	United Kingdom £	Australia £	Total £
Administration expenses	(207,340)	(52,719)	(260,059)
Interest paid	(118)	-	(118)
Interest received	9,524	128	9,652
Loss before taxation	(197,934)	(52,591)	(250,525)
Farm-In costs Coronet Hill	-	100,000	100,000
Cash and cash equivalents	120,886	807	121,693
Accrued expenditure and provisions	(18,989)	(1,170)	(20,159)
Net Assets	101,897	99,637	201,534

At the end of the year to 30 June 2008, the Group had not commenced commercial production from its exploration sites and therefore had no turnover in the year.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

2 Segment Reporting (continued)

Geographical Segment – Group 2007	United Kingdom £	Australia £	Total £
Administration expenses	(259,982)	-	(259,982)
Interest payable	(34)	-	(34)
Interest receivable	8,062	-	8,062
Loss before taxation	(251,954)	-	(251,954)
Farm-In costs Coronet Hill	-	100,000	100,000
Cash and cash equivalents	387,797	-	387,797
Accrued expenditure and provisions	(35,738)	-	(35,738)
Net Assets	352,059	100,000	452,059

3 Administrative expenses

	Year ended 30 June 2008 £	Period ended 30 June 2007 £
The Group's operating loss is stated after charging:		
Cost of issuing share options	-	154,775
Auditors' remuneration		
Group and parent company audit services	8,600	7,000
Group and parent company non audit services		
- Corporate finance	-	7,500
	8,600	14,500

4 Intangible Assets -Group

	Year ended 30 June 2008 £	Period ended 30 June 2007 £
Farm in costs		
At 1 July / On incorporation	100,000	-
Coronet Hill Project at cost	-	100,000
Impairment during the year	-	-
At 30 June	100,000	100,000

In accordance with the accounting policy, the Directors have assessed the value of the exploration and development farm-in costs carried in the accounts as intangible fixed assets. In the opinion of the Directors no impairment provision is considered necessary.

5 Debtors

	Group 30 June 2008	Company 30 June 2008	Group 30 June 2007	Company 30 June 2007
Loan to subsidiary	-	100,000	-	100,000

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) **FOR THE YEAR ENDED 30 JUNE 2008**

6	Creditors	Group	Company	Group	Company
		30 June 2008	30 June 2008	30 June 2007	30 June 2007
	Accruals	20,159	20,159	35,738	35,738

7 **Subsidiary Undertakings**

Company

<i>Name of company</i>	<i>Country</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
North River Resources Pty Ltd	Australia	Ordinary Shares	100%	Mineral exploration

8 **Share Capital**

Group and Company	30 June 2008	30 June 2008	30 June 2007	30 June 2007
	Number of		Number of	
	Shares	£	Shares	£
Authorised				
10,000,000,000 Ordinary shares of 0.1p each	10,000,000,000	10,000,000	10,000,000,000	10,000,000

Issued and Fully Paid

Ordinary shares of 0.1p each	68,000,000	68,000	68,000,000	68,000
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9 **Reserves**

Group and Company	Share premium reserve	Option premium reserve	Profit and loss reserve
	£	£	£
Balance 1 July 2007	481,238	154,775	(251,954)
Loss for the year the year	-	-	(250,525)
Balance 30 June 2008	481,238	154,775	(502,479)

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

10 Share based payments

Group and Company

In the prior period options were issued to Westwind Capital Limited Pty, Blue Oar Securities plc and Ascent Capital Holdings Pty Ltd. The options are exercisable at any time from Admission and from time to time until the fifth anniversary of Admission. The options vested immediately and were fully expensed in the prior period.

Share based payment	Year ended 30 June 2008 £	Period ended 30 June 2007 £
Cost of issuing options	-	154,775
Number of options	Year ended 30 June 2008	Period ended 30 June 2007
At 1 July / On incorporation	6,000,000	-
Issued in the year	-	6,000,000
At 30 June	6,000,000	6,000,000

No options were issued, exercised, forfeited or expired during the year.

The option value was calculated with reference to the Black-Scholes option pricing model taking into account the following input assumptions:

Share price	£0.05
Exercise price	£0.05
Expected volatility	50%
Option life	5 years
Expected dividend	Nil
Risk free interest rate	6.385%

11 Taxation

	Group 30 June 2008 £	Company 30 June 2008 £	Group 30 June 2007 £	Company 30 June 2007 £
Factors affecting the tax charge for the year/ period:				
Loss from continuing operations before income tax expense	(250,525)	(250,525)	(251,954)	(251,954)
Tax at the Company rate of 30%	(75,157)	(75,157)	(75,586)	(75,586)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non deductible expenses	-	-	46,433	46,433
Income tax benefit not brought to account	(75,157)	(75,157)	29,153	29,153
Timing differences not recognised	-	-	-	-
Income tax expense	-	-	-	-

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

11 Taxation (continued)

At the balance sheet date, the Group has unused United Kingdom tax losses available for offset against suitable future profits in the United Kingdom.

Deferred tax assets have not been recognised in respect of these amounts as it is not considered probable that future taxable income will arise against which these assets may be offset.

12 Cash and Cash Equivalents	Group 30 June 2008 £	Company 30 June 2008 £	Group 30 June 2007 £	Company 30 June 2007 £
Cash at bank and in hand	121,693	121,693	387,797	387,797

Cash at bank earns interest at floating rates based on daily bank deposit rates. The cash at bank is bearing floating interest rates between 0.05% and 5.75%. The carrying amounts of cash and cash equivalents represent fair value.

13 Reconciliation of operating loss to net cash outflow from operating activities

	Group 30 June 2008 £	Company 30 June 2008 £	Group 30 June 2007 £	Company 30 June 2007 £
Loss on operating activities	(260,059)	(260,059)	(259,982)	(259,982)
Share option costs	-	-	154,775	154,775
Changes in assets and liabilities:				
Increase in trade and other payables	(15,579)	(15,579)	35,738	35,738
Net cash outflow used in operating activities	(275,638)	(275,638)	(69,469)	(69,469)

14 Expenditure Commitments	Group 30 June 2008 £	Company 30 June 2008 £	Group 30 June 2007 £	Company 30 June 2007 £
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Commitments contracted for at reporting date but not recognised as liabilities are as follows:

Between one and two years	-	-	300,000	300,000
Between two and five years	300,000	300,000	-	-
Total	300,000	300,000	300,000	300,000

Under the terms and conditions of the Farm-In Agreement, the Company has a commitment to contribute a percentage of the cost of exploration expenditure to earn its interest in the project. The expenditure required is £400,000 of which £100,000 has already been spent. The balance to be spent on or before 18 August 2010 for the Company to earn its interest. The Company can however withdraw from the Farm-in Agreement at any time by giving notice in writing to Segue of its intention to withdraw and upon withdrawal the Farm-in Agreement shall terminate.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

15 Earnings Per Share	Group	Company	Group	Company
	30 June 2008	30 June 2008	30 June 2007	30 June 2007
(a) Basic and diluted earnings per share	£	£	£	£
Loss from continuing operations attributable to the ordinary equity holders	(250,525)	(250,525)	(251,954)	(251,954)
<i>Basic earnings per share</i>				
Loss from continuing operations attributable to the ordinary equity holders	(0.0037)	(0.0037)	(0.0064)	(0.0064)
(b) Weighted Average Number of Shares Used as the Denominator				
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	68,000,000	68,000,000	39,375,343	39,375,343

Options on issue are not considered diluting to the earnings per share as the Company is in a loss making position.

16 Directors' Emoluments

2008	Directors'	Consulting	Share Based	Total
Directors	Fees	Fees	Payments	30 June 2008
	£	£	£	£
David Steinepreis	8,000	4,000	-	12,000
Patrick Burke	12,000	7,193	-	19,193
Robert Downey	12,000	-	-	12,000
	32,000	11,193	-	43,193
2007	Directors'	Consulting	Share Based	Total
Directors	Fees	Fees	Payments	30 June 2007
	£	£	£	£
David Steinepreis	7,000	26,000	51,592	84,592
Patrick Burke	7,000	7,997	-	14,997
Robert Downey	27,000	3,636	51,592	82,228
	41,000	37,633	103,184	181,817

There are no employees other than directors.

17 Financial Instruments and Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides written principles for overall risk management.

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

18 Financial Instruments and Financial Risk Management (continued)

(a) Price Risk

The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk.

(b) Credit Risk

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

The Group trades only with recognised, credit worthy third parties. The Group has no significant concentrations of credit risk.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

(d) Fair Values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(e) Currency Risk

The functional currency for the Group's operating activities is the pound sterling and for exploration activities the Australian dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

(f) 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.

(g) Interest Rate Risk

At 30 June 2008, the Group had cash amounting to £5,159 subject to a floating interest rate and cash of £116,534 subject to a fixed interest rate. The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, was as follows:

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2008

18 Financial Instruments and Financial Risk Management (continued)

(g) Interest Rate Risk (continued)

2008	Floating interest	Fixed interest	Non-interest	Total	Weighted
Financial	rate	rate maturing in:	bearing		average
Instruments		1 year or less			effective
	£	£	£	£	interest rate
					%
<i>(i) Financial assets</i>					
Cash assets:					
UK Current	4,352	-	-	4,352	0.00
UK Fixed	-	116,534	-	116,534	3.35
Australian Current	807	-	-	807	0.00
Total financial assets	<u>5,159</u>	<u>116,534</u>	<u>-</u>	<u>121,693</u>	
<i>(ii) Financial liabilities</i>					
Accruals	-	-	20,159	20,159	0.00
Total financial liabilities	<u>-</u>	<u>-</u>	<u>20,159</u>	<u>20,159</u>	
2007	Floating interest	Fixed interest	Non-interest	Total	Weighted
Financial	rate	rate maturing in:	bearing		average
Instruments		1 year or less			effective
	£	£	£	£	interest rate
					%
<i>(i) Financial assets</i>					
Cash assets:					
UK Current	28,130	-	-	28,130	0.00
UK Fixed	-	357,010	-	357,010	5.25
Australian Current	2,657	-	-	2,657	0.05
Total financial assets	<u>30,787</u>	<u>357,010</u>	<u>-</u>	<u>387,797</u>	
<i>(ii) Financial liabilities</i>					
Accruals	-	-	35,738	35,738	0.00
Total financial liabilities	<u>-</u>	<u>-</u>	<u>35,738</u>	<u>35,738</u>	

NORTH RIVER RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2008

19 Control

No one party is identified as controlling the Group.

20 Decommissioning Expenditure

The Directors have considered the environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation.

In the view of the Directors, no provision is necessary for any future costs of decommissioning or environmental damage.

21 Related Party Transactions

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis, was paid fees in the amount of £2,000 for the provision of services provided by David Steinepreis.

David Steinepreis, pursuant to a services agreement between the Company and Mr Steinepreis, was paid £8,000.

Ord Street Services, an entity associated with David Steinepreis was paid £2,000 for the provision of services provided by David Steinepreis.

Ord Street Services, an entity associated with David Steinepreis was paid £2,000 for office rent and outgoings provided to the Company in Australia.

Quantum Vis Pty Ltd, a company associated with Robert Downey, was paid fees pursuant to a services agreement between Mr Downey and the Company of £12,000.

Pat Burke was paid fees pursuant to a services agreement between himself and the Company of £12,000.

22 Post Balance Sheet Events

On 31 October 2008 the Company and its Farm-In partner Segue Resources Limited agreed to revise the Coronet Hill Tenement Farm-In Agreement. Under the revised Farm-In Agreement, NRRPL is entitled to earn a 20% interest in the Tenement by expending such amount as the parties may agree (currently being £400,000) up to a maximum of £500,000 on the Tenement on or before 18 August 2010 (previously 27 December 2008).

Subject to having expended the initial expenditure, NRRPL is entitled to earn a further 31% interest (in aggregate a 51% interest) in the Tenement by expending a further amount equal to £2,000,000 less the initial agreed expenditure on the Tenement on or before 18 August 2012 (previously 27 December 2010).

On 24 November 2008 the Company entered into an agreement with Lagral Capital, a company associated with newly appointed Director Glenn Whiddon, and Ascent Capital, a company associated with the Chairman David Steinepreis, whereby these companies will make available a £300,000 convertible loan facility to the Company.