

The Company advises that the Board of Namib Lead & Zinc Mining (“NLZM” or “the Company”) has taken the decision to temporarily cease mining operations.

While there have been challenges with the ramp up of the mine following completion of the construction phase in Q1 2019, these have been progressively resolved over recent months. It is disappointing therefore that a combination of factors - an operation not yet at full design levels of production, the slide in zinc and lead prices over recent months, together now with the compounding impact of Covid-19 related restrictions on operations - has in a very short period hampered the operations so materially and put the company in a difficult financial position, with no option but to immediately preserve remaining cash and sources of funding. Not only does the immediate lock down regulations reduce effectivity and increase costs but the closure of borders has affected the logistics processes severely.

The decision to temporarily stop operations is particularly disappointing given the improvements achieved in operating performance over recent months, following a challenging start-up of operations during 2019. Mine development is still not sufficiently ahead of meeting immediate feed requirements into the processing plant to enable blending of ore with highly variable zinc and lead grade profiles but has been making excellent progress over the last 6 months. (Additional equipment was on the way to accelerate the underground development.) With more controlled feed into the plant, and a strengthening of the processing team, management were looking forward to meeting concentrate production and grade targets this year.

The zinc price has fallen over 20% since mid- January, from levels of around US\$ 2.400 per tonne to below US\$ 1.900 per tonne today, a level also significantly lower than the price at the time the investment decision was made for the construction of the Namib mine. The reduction in prices has furthermore led to a continuous re-pricing of provisional payments on past zinc and lead concentrate sales (so called marked to market adjustments), which has exacerbated the impact on the company’s financial position.

The COVID-19 impact on global economic activity, and corresponding impact on commodity prices, has accelerated the financial distress of NLZM to an immediate crisis. COVID-19 related impact on our operations includes challenges and delays in obtaining critical supplies for production including but not limited to personal protective equipment, explosives, process plant chemical reagents, mobile mining equipment and related components, as well as daily operating materials. The Company has also been impacted by limitations for exporting our concentrate product and samples for analysis.

Although NLZM has taken every reasonable effort to render the mining operations at the mine safe in the context of the COVID-19 pandemic (*inter alia* by reducing some of the staff to work from home, by implementing safe transport practices, by engaging and agreeing with the trade union in relation to safety measures, etc.), the directors of NLZM supported by the directors of North River Resources, in accordance with their duties towards the company and its employees, remain constrained to conclude that it would under the circumstances not be responsible to continue with mining operations and prospecting operations in an very space-restricted underground mining environment, thereby potentially exposing employees to an unsafe workplace. The Namibian Government has this week announced an extension to the Covid-19 restrictions until 4th May 2020.

The company is unable to cover its costs at these price levels and under these operating conditions, or invest in remaining commissioning improvements to lift concentrate production to design levels, despite further cash injections by holding company North River Resources over the last four months.

It is critical therefore for NLZM to employ all available cash in the business for the care and maintenance of the mine to protect the asset until business can continue as usual. Preserving the underground resources during a period of low prices will allow that they be mined at a time when prices, and therefore the economic return improves.

The Company will provide further regular updates as the situation unfolds.