

<b>Company</b>	North River Resources Plc
<b>TIDM</b>	NRRP
<b>Headline</b>	Acquisition
<b>Released</b>	07:30 29-Oct-2009
<b>Number</b>	5578B07

RNS Number : 5578B  
North River Resources Plc  
29 October 2009

North River Resources plc / Ticker: NRRP / Index: AIM / Sector: Mining  
**North River Resources plc ('North River' or 'the Company')**  
**Placing of £7 million to develop Namibian Gold & Base Metal Assets**

North River Resources plc, the AIM listed southern African multi commodity resource company, announces that it has conditionally raised £7 million (before expenses) by way of a placing of 233,333,333 new ordinary shares of 0.2 pence each in the Company ('the Placing Shares'), with new and existing shareholders at a price of 3 pence per Placing Share ('the Placing Price') ('the Placing'). The proceeds of the Placing, which has been undertaken in conjunction with the proposed reverse acquisition of Kalahari Mineral plc's ('Kalahari') gold and base metal assets in Namibia (together 'the Namibian Assets'), will be used to fund the Company's exploration and development programme on its portfolio of assets in southern Africa.

North River Managing Director David Steinepreis said, "We received an excellent response to this Placing, prompting us to raise £7 million as opposed to the mandatory £5 million as part of our agreement with Kalahari, which still resulted in a healthy level of demand at this enlarged figure."

"The extent of positive interest from the investment community underpins our confidence in the quality of the assets that we are acquiring and the ability of our management and operational teams on the ground to develop them efficiently towards production. Furthermore, the successful Placing marks an important step for North River as we advance towards achieving our objective of assembling a portfolio of multi-commodity assets with mid-term production potential. With the ongoing operational and financial support of Kalahari, I believe we are well positioned to capitalise on the numerous opportunities that are available to us through our leveraged position in the exploration and development arena in southern Africa. As evidence of this, we recently signed an indicative bid on a significant gold deposit in Namibia, and anticipate a response in early 2010. This reiterates the synergies

between our two companies and gives an early indication of the success that may be achieved through our close cooperation moving forward."

The Placing Shares will represent 39.3 per cent. of the enlarged issued share capital, which will then comprise 594,000,000 ordinary shares of 0.2 pence each ('Ordinary Shares').

The Placing is conditional, inter alia, on the admission of the enlarged share capital of the Company to trading on AIM ('Admission') and approval of the Acquisition by the shareholder of the Company at a general meeting. Application will be made to the London Stock Exchange for the enlarged share capital of the Company to be admitted to trading and it is expected that Admission will occur, and dealings in the Placing Shares will commence, on 23 November 2009.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued shares of North River, including the right to receive any dividends and other distributions declared following Admission.

## **Further Information**

### ***Introduction***

On 5 October 2009, the Company announced that it had conditionally agreed to acquire the entire issued share capital of, and shareholder loans to, West Africa Gold Exploration (Namibia) (Proprietary) Limited ('WAGE') and Craton Diamonds (Proprietary) Limited ('CD') from Kalahari ('the Acquisition') and intended to place ordinary shares of 0.2 pence each in the capital of the Company ('Ordinary Shares') to raise not less than £5 million to fund its exploration and development programme and provide general working capital.

WAGE owns a number of Exclusive Prospecting Licences ('EPLs') containing copper and gold prospects in Namibia whilst CD owns EPL 2902 ('the Namibian Licences') which contains 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 Directors believe warrant further appraisal and development with the potential for mid term production.

The board of North River ('Board'), in conjunction with Kalahari, believes that using North River as a separate quoted 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.

The aggregate consideration for the acquisition of the shares in and shareholder loans to WAGE and CD is £8 million, to be satisfied by the allotment and issue of 266,666,667 new Ordinary Shares ('Consideration Shares') at an issue price of 3 pence per share.

The purchase consideration for the shares of, and shareholder loans to, WAGE is £7.35 million which shall be satisfied by the allotment and issue of 245,000,000 Ordinary Shares to Kalahari Gold Limited, a subsidiary of Kalahari.

The purchase consideration for the shares of, and shareholder loans to, CD is £650,000 which shall be satisfied by the allotment and issue of 21,666,667 Ordinary Shares to Kalahari Diamonds Limited, a subsidiary of Kalahari.

The Board has formed the view that the Acquisition offers the following benefits:

- WAGE and CD's projects are all located within renowned geological settings in Namibia;
- Kalahari has spent approximately £8 million to date on the Namibian Licences being acquired which all warrant future work;
- further upside potential exists by upgrading the current resources through further exploration and drilling;
- 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, it is likely that opportunities will present themselves to add further to the current portfolio of assets; and
- the support of a large shareholder in Kalahari

The Directors believe that the Acquisition and future strategy for North River will transform the Company with the aim of becoming a producer in the mid term. The support of Kalahari, together with Kalahari's success in Namibia. will be a solid base for North River to grow in its own right. A cooperative bid has already been made on a substantial gold acquisition in Namibia and the Company has been informed that it has been shortlisted.

The acquisition of five licences in Mozambique ('the Mozambique Licences') signalled the beginning of the Company's intention to grow a portfolio of resource projects across various commodities, and the acquisition of WAGE and CD 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, additional projects, assets and companies across southern Africa and by pursuing organic growth within the group.

In addition Mark Hohnen and Glyn Tonge will be appointed to the Board with effect from Admission and Glenn Whiddon and Patrick Burke have agreed to step down.

***Background to and reasons for the proposed Placing, Acquisition and readmission***

North River was admitted to trading on AIM on 27 December 2006 for the purpose of earning an initial 20 per cent. interest in Coronet Hill in the Northern Territory of Australia which has the geological potential to host tin, tungsten, base metals and other precious metals.

It had always been the Board's intention to add other resource projects to Coronet Hill and on 28 July 2009 the Company announced that it had entered into an agreement with Omega to acquire the Mozambique Licences. These projects have the potential to host uranium, precious and base metals and originally comprised 32 licences.

Since 28 July 2009, the Company has conducted a data acquisition and review exercise covering all the Mozambique Licences and has now rationalised certain licences. A work programme for the remaining five licences is currently being developed.

The Board has reviewed the work undertaken to date by WAGE and CD in relation to the Namibian Licences and considers that these projects contain significant potential value. Accordingly, the Board have formed the view that the Acquisition offers the potential for creation of shareholder value.

### ***The Acquisition***

#### **Overview**

WAGE and CD have been evaluating a portfolio of properties that covers an area of approximately 2,121 km<sup>2</sup> in Western and Central Namibia, which includes licences on the Kalahari Copper Belt. These areas make up the Dordabis, Witvlei and Ubib project areas and the Namib Lead Zinc Mine project. The projects have focused on copper, lead, zinc and gold. Exploration work completed to date has focused primarily on the Dordabis (Copper), Witvlei (Copper) and Namib Lead Zinc Mine projects. All projects are owned by WAGE, except the Namib Lead Zinc Mine area which is owned by CD, on the terms of the Namibian Licences. A JORC compliant Inferred Resource has been calculated for the Koperberg Prospect (Dordabis Project). WAGE and CD have also completed non code compliant in-house resource estimates over the RK Zone Prospect (Dordabis Project), Malachite Pan, Okasewa and Christiadore Prospects (Witvlei Project) and the Namib Lead Zinc Project.

#### **WAGE**

At the Dordabis project area exploration work carried out since 2006 has focused on delineating and defining existing historical targets within the project area including drill testing. This has resulted in the release of a JORC compliant Inferred Resource of 1.74 Mt grading 0.9 per cent. Cu (17,000 t in situ metal) for the Koperberg Prospect in mid 2007.

All of the prospects investigated to date at Dordabis exhibit similar geology and are generally associated with the western margins of a strongly laminated package of magnetic metavolcanic rocks that are folded along a northeast trending axis. Until 2009, the focus of

exploration had been centred on the Koperberg, RK Zone and nearby Swartberg Prospects (as well as the Balfour, Klein Koperberg and Koperberg South Prospects).

Emphasis has now shifted to the Onverwacht Prospect where recent encouraging results from an ongoing regional soil geochemical programme, targeting potential volcanic hosted mineralisation, have 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 the Witvlei project area, widespread sediment hosted copper mineralisation has been evaluated by several operators, resulting in non code compliant resource estimates containing up to 200,000 t copper. WAGE's exploration efforts to date have focused on validating these historical results and have to date completed 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 have been initiated over the Witvlei project area in order to assess all techno-economic parameters required to exploit WAGE's estimated existing resource of 135,000 t 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.

## **CD**

Since acquisition of the Namib Lead Zinc Mine Project, CD has completed a detailed diamond and reverse circulation (RC) drilling programme designed to validate underground and tailings resources. RC and diamond drilling have confirmed historical grade intercepts and thicknesses and have 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 the Namib Lead Zinc Mine Project 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 over the North orebody. 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 compliant mine studies indicate surface tailings and in situ underground reserves of 1.65 mt @ 5.7 per cent. Zn, 1.6 per cent. Pb and 40.2 g/t Ag.

### ***Principal Terms of the Acquisition***

Under the terms of the share purchase agreement entered into pursuant to the Acquisition ('the Share Purchase Agreement'):

- a. the Company has conditionally agreed to acquire the entire issued share capital of, and shareholder loans to, WAGE for a total consideration of £7,350,000 to be satisfied by the issue of 245,000,000 Ordinary Shares credited as fully paid, at an issue price of 3p per share;
- b. the Company has conditionally agreed to acquire the entire issued share capital of, and Shareholder Loans to, CD for a total consideration of £650,000, to be satisfied by the issue of 21,666,667 Ordinary Shares, credited as fully paid, at an issue price of 3 pence per share;
- c. completion is conditional on the conditions of the Share Purchase Agreement being satisfied; and
- d. the consideration is payable on completion.

### ***Details of the Consideration Shares***

The Consideration Shares will be issued credited as fully paid and, immediately following Admission, will represent approximately 44.9 per cent. of the enlarged share capital.

The Consideration Shares will, upon issue, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive any dividends and other distributions declared, made or paid following Readmission and will be issued credited as fully paid.

North River is not currently subject to the City Code on Takeovers and Mergers but following Admission it will be and as such Kalahari, and any persons deemed to be acting in concert with it, as the ultimate owner of the Consideration Shares, will be subject to the restrictions on increasing its interest in the Company imposed by Rule 5 of the City Code.

### ***Publication of Admission Document and Notice of Extraordinary General Meeting***

The Acquisition and Placing are conditional, *inter alia*, on the approval of shareholders of North River and an AIM admission document setting out details on the Company, WAGE and CD and the Placing and convening an extraordinary general meeting of the Company ('EGM') has today been sent to shareholders in the Company. The EGM will be held at the offices of Sprecher Grier Halberstam LLP, One America Square, Crosswall, London EC3N 2SG at 11:15am on 20 November 2009.

As a result of the publication of the AIM admission document the suspension in trading of the Ordinary Shares will be lifted with immediate effect.

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

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

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