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

11 March 2011

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

Final Results

North River Resources plc, the AIM listed multi-commodity resource company, announces its results for the 18 months to 31 December 2010.

Managing Director's Statement

North River Resources plc has made a great deal of progress during the period, both in terms of developing our wholly owned portfolio of assets in Namibia and securing joint venture agreements ('JVs') to rapidly advance our other interests. The Board has also identified and acquired additional licences with which to increase the Company's already significant mineral footprint and further diversify its commodity focus.

By building and developing North River's portfolio through acquisition and JVs the Company has a strong foundation for future growth. We remain focussed on evaluating additional assets for acquisition, which meet our stringent investment criteria to create value for shareholders.

Namibia

Namib Lead & Zinc Mine ('Namib Mine') – 100% owned

During the period, the underground workings of the Namib Mine were made safe and surveyed. Following the survey, exploration drill positions were identified underground and work is now underway constructing drill positions and installing services. It is expected a rig will be positioned underground shortly and drilling will commence imminently.

Nuclear Fuels – JV with Extract Resources Limited ('Extract')

As announced on 21 September 2010, North River signed an agreement with a major Australian uranium explorer, Extract, to jointly develop three highly prospective uranium licences in Namibia.

The principal assets involved in this agreement are Exclusive Prospecting Licence ('EPL') 3327 and EPL 3328, which are located in a globally significant and highly prospective uranium district. Located west and north respectively of the historic tin mining centre of Uis in the west of the country, previous exploration activity, undertaken by Extract, has shown that these licences have the potential to host secondary uranium deposits associated with palaeodrainages of the Orawab and Ugab ephemeral river systems.

A comprehensive work programme for these nuclear fuels licences has been devised and will commence shortly.

Witvlei and Dordabis Copper Projects (‘Witvlei and Dordabis’) – 100% owned

Following a data review in 2010, North River intends to conduct diamond drilling on both Witvlei and Dordabis licence areas, in order to obtain samples for metallurgical test work.

Ubib Copper/Gold Project (‘Ubib’) – 100% owned

At Ubib, the Company completed a full data review and generated a number of exploration targets, some of which have been tested and some are ongoing. Good results were obtained at Tsabichas, with 45 out of 163 rock chip samples returning in excess of 1g/t Au with the best result being 48.9 g/t Au and the next best result being 18.9 g/t Au. A combination of ongoing rock chip sampling and ground based magnetic surveys are anticipated to commence soon.

New Licences – 100% owned

Post period end, the Company was granted four new EPLs covering 3,838km2. The new licences cover two project areas, Kamkas and Hero, and have been granted for base, rare and precious metals, as well as industrial minerals and non-nuclear fuels, for a period of three years expiring 16 January 2013.

Hero

The Hero Project comprises three contiguous licences, EPL4487, EPL4488 and EPL4489, located to the east of Grootfontein and the established mining town of Tsumeb in the Grootfontein and Rundu Regions of Northern Namibia.

The geology of the area is underlain by the Cenozoic Kalahari Group and unconsolidated sands of the Kalahari Desert. The area is considered prospective for extensions of the Neoproterozoic Damara Supergroup, which host significant deposits such as the Tsumeb polymetallic deposit, the Kombat Copper Mine, the Berg Aukas Lead-Zinc Mine. These extensions continue under the Kalahari sand cover sequences and are believed to be between 50m and 200m thick.

The extension of the rocks which host these significant base and precious metals deposits are the target for future work by the Company. Existing regional airborne geophysical data will be acquired and this will be complemented with additional airborne surveys if required. Follow-up ground geophysical surveys will be followed by drilling.

Kamkas

The Kamkas Project, which comprises EPL4419, is located in the Maltahohe region of southern Namibia near the town of Maltahohe. The area is underlain by Nama Group rocks of Cambrian/Neoproterozoic age which cover older Basement rocks of the Mesoproterozoic Sinclair Group. The area is characterised by a prominent airborne magnetic anomaly which occurs at the intersection of several regionally significant structural lineaments. However, the source of the magnetic anomaly is not yet known and there has been no previous exploration for base and/or precious metals carried out in the area.

Water borehole drilling in the area in recent years indicated elevated copper-zinc-lead-silver (‘Cu-Zn-Pb-Ag’) values in a grab sample from the drill cuttings, but from an unknown depth within the borehole. The Company plans to commence initial reconnaissance work in the area with the aim of generating potential targets prior to the commencement of a drilling programme to define the source of the elevated values of Cu-Zn-Pb-Ag.

Mozambique

The Company recently signed two JVs in regard to its Mozambican assets in order to accelerate development of the licences and deliver value to shareholders.

Monte Muande – JV with Baobab Resources plc (‘Baobab’)

In November 2010, the Company signed a JV agreement with Baobab for the development of the Monte Muande licences in Mozambique, which are prospective for magnetite, phosphorus, uranium and gold.

Baobab immediately commenced compilation of historical exploration data, ahead of a planned drilling programme in Q2 2011. Initial results from this data compilation exercise have yielded encouraging results, underpinning the prospectivity of this multi-commodity project area. The work programme, undertaken and fully funded by Baobab, produced positive drill hole and trench results with significant magnetite/phosphorus intercepts and geochemistry results demonstrating the potential for a significant mineralised extension.

Mavuzi – JV with Jacana Resources Limited (‘Jacana’)

Post period end, the Company signed a JV agreement with Jacana over the Mavuzi licences, which cover 54,580ha in Mozambique. The licences, which include the Castro and Inhatobui targets and the previously producing Mavuzi and Castro uranium mines, are prospective for uranium and rare earth elements (‘REEs’).

This agreement is designed to rapidly advance the Mavuzi licence, which contains a number of historic uranium workings, the significant Inhatobui radiometric target, together with gold, base metal and rare earth prospectivity, adding value as the project advances up the development curve. We look forward to receiving regular updates from Jacana as it commences its work programme and begins the active development of the project.

Outlook

North River delivered a solid performance during the 18 month period to 31 December 2010 and achieved its stated goals of entering JVs on various properties and securing additional exploration licences. It now has the foundation in place to grow via its exploration efforts and to build on its position as an emerging exploration and development company.

North River looks forward to commencing drilling on four properties starting in Q1 2011 and starting exploration work on four more as well as continuing work at Ubib. In addition, it anticipates commencing drilling on three Mozambique properties via the JVs starting Q1 2011.

The Board continues to evaluate potential acquisitions, but will only enter into transactions that are clearly going to be value enhancing for the Company's shareholders. It has assessed a great many potential acquisitions but, to date, none have made a compelling investment case. The Company continues this process while increasing the level of exploration activity on its existing exploration properties.

I would like to take this opportunity to thank our shareholders and my fellow board members for their continued support.

David Steinepreis
Managing Director
4 March 2011

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Consolidated Statement of Comprehensive Income

for the period from 1 July 2009 to 31 December 2010

	Note	Period from 1 July 09 to 31 Dec 10 £	Year from 1 July 08 to 30 June 09 £
CONTINUING OPERATIONS			
Other operating income		6,991	-
Exploration expenditure		(1,393,181)	(27,700)
Administrative expenses before share based payments		(1,611,209)	(267,750)
Share based payments	15	(4,392,870)	-
Total administrative expenses		(6,004,079)	(267,750)
OPERATING LOSS	3	(7,390,269)	(295,450)
Interest paid on short term borrowings	11	(30,394)	(4,783)
Interest received on bank deposits		23,245	1,013
LOSS BEFORE TAX		(7,397,418)	(299,220)
Taxation	13	-	-
LOSS FOR THE PERIOD		(7,397,418)	(299,220)
OTHER COMPREHENSIVE INCOME:			
Currency translation gain / (loss)		82,643	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(7,314,775)	(299,220)
Loss per share			
Basic and diluted – pence per share	4	(1.62p)	(0.88p)

Consolidated and Parent Company Statements of Financial Position as at 31 December 2010

	Note	Group 31 Dec 10 £	Company 31 Dec 10 £	Group 30 June 09 £	Company 30 June 09 £
NON-CURRENT ASSETS					
Goodwill	5	7,831,768	-	-	-
Intangible assets	6	202,108	237,243	-	-
Property, plant and equipment	7	184,782	-	-	-
Amounts due from subsidiary undertakings	8	-	9,251,291	-	-
Investments	14	-	2	-	-
		8,218,658	9,488,536	-	-
CURRENT ASSETS					
Trade and other receivables	8	108,756	37,619	-	-

Cash and cash equivalents	9	3,536,920	3,446,322	35,078	35,078
		3,645,676	3,483,941	35,078	35,078
TOTAL ASSETS		11,864,334	12,972,477	35,078	35,078
CURRENT LIABILITIES					
Trade and other payables	10	136,996	72,682	82,764	82,764
Convertible loan notes	11	-	-	150,000	150,000
		136,996	72,682	232,764	232,764
NET ASSETS/(LIABILITIES)		11,727,338	12,899,795	(197,686)	(197,686)
EQUITY					
Called up share capital	12	1,192,400	1,192,400	68,000	68,000
Share premium account	12	14,203,767	14,203,767	481,238	481,238
Option premium reserve		4,547,645	4,547,645	154,775	154,775
Translation reserve		82,643	-	-	-
Retained earnings		(8,299,117)	(7,044,017)	(901,699)	(901,699)
TOTAL EQUITY		11,727,338	12,899,795	(197,686)	(197,686)

Consolidated and Parent Company Statements of Changes in Equity for the period from 1 July 2009 to 31 December 2010

	Issued capital	Share premium	Retained earnings	Option reserve	Translation reserves	Total
GROUP	£	£	£	£	£	£
At 1 July 2008	68,000	481,238	(602,479)	154,775	-	101,534
Loss for the period	-	-	(299,220)	-	-	(299,220)
Other comprehensive income						
Exchange gains	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(299,220)	-	-	(299,220)
Shares issued	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Share based payment charge	-	-	-	-	-	-
At 30 June 2009	68,000	481,238	(901,699)	154,775	-	(197,686)
Loss for the period	-	-	(7,397,418)	-	-	(7,397,418)
Other comprehensive income						
Exchange gains	-	-	-	-	82,643	82,643
Total comprehensive income for the period	-	-	(7,397,418)	-	82,643	(7,314,775)

Shares issued	1,124,400	14,541,600	-	-	-	15,666,000
Share issue expenses	-	(819,071)	-	-	-	(819,071)
Share based payment charge	-	-	-	4,392,870	-	4,392,870
At 31 December 2010	1,192,400	14,203,767	(8,299,117)	4,547,645	82,643	11,727,338

Consolidated and Parent Company Statements of Changes in Equity for the period from 1 July 2009 to 31 December 2010

COMPANY	**Issued capital £**	**Share premium £**	**Retained earnings £**	**Option reserve £**	**Total £**
At 1 July 2008	68,000	481,238	(602,479)	154,775	101,534
Loss for the period	-	-	(299,220)	-	(299,220)
Other comprehensive income					
Exchange gains	-	-	-	-	-
Total comprehensive income for the period	-	-	(299,220)		(299,220)
Shares issued	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Share based payment charge	-	-	-	-	-
At 30 June 2009	68,000	481,238	(901,699)	154,775	(197,686)
Loss for the period	-	-	(6,142,318)	-	(6,142,318)
Other comprehensive income					
Exchange gains	-	-	-	-	-
Total comprehensive income for the period	-	-	(6,142,318)	-	(6,142,318)
Shares issued	1,124,400	14,541,600	-	-	15,666,000
Share issue expenses	-	(819,071)	-	-	(819,071)
Share based payment charge	-	-	-	4,392,870	4,392,870
At 31 December 2010	1,192,400	14,203,767	(7,044,017)	4,547,645	12,899,795

Consolidated and Parent Company Statements of Cash Flows for the period from 1 July 2009 to 31 December 2010

	Group	**Company**	**Group**	**Company**

	Note	Period from 1 July 09 to 31 Dec 10 £	Period from 1 July 09 to 31 Dec 10 £	Year from 1 July 08 to 30 June 09 £	Period from 1 July 08 to 30 June 09 £
Cash flows from operating activities					
Operating loss		(7,390,269)	(6,153,772)	(295,450)	(295,450)
Adjustments:					
Depreciation and amortisation charges		111,483	611	-	-
Share based payments		4,392,870	4,392,870	-	-
		(2,885,916)	(1,760,291)	(295,450)	(295,450)
Movement in working capital					
(Increase) / decrease in debtors		(108,756)	(37,619)	-	-
(Decrease) / increase in creditors		(95,768)	(160,082)	57,940	57,940
Net movements in working capital		(204,524)	(197,701)	57,940	57,940
Net cash outflow from operating activities		(3,090,440)	(1,957,992)	(237,510)	(237,510)
Cash flows from investing activities					
Purchase of intangible fixed assets		(78,530)	(71,853)	-	-
Cash gained on acquisition of subsidiaries		138,770	-	-	-
Loans to subsidiaries		-	(1,251,294)	-	-
Purchase of property, plant and equipment		(57,524)	-	-	-
Net cash inflow / (outflow) from investing activities		2,716	(1,323,147)	-	-
Cash flow from financing activities					
Repayments of convertible notes		(750,000)	(750,000)	-	-
Proceeds from issue of convertible notes		600,000	600,000	150,000	150,000
Issued shares		7,500,000	7,500,000	-	-
Issue expenses		(819,071)	(819,071)	-	-
Interest paid		(30,394)	(30,394)	(118)	(118)
Interest received		23,245	18,943	1,013	1,013
Net cash inflow from financing activities		6,523,780	6,519,478	150,895	150,895
Increase / (decrease) in cash and cash equivalents		3,436,056	3,238,339	(86,615)	(86,615)
Cash and cash equivalents at beginning of the year	9	35,078	35,078	121,693	121,693
Exchange gain on cash		65,786	172,905	-	-
Cash and cash equivalents at end of the year	9	3,536,920	3,446,322	35,078	35,078

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

Notes to the Financial Statements for the period from 1 July 2009 to 31 December 2010

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 2006.

The Group's financial statements for the period ended 31 December 2010 were authorised for issue by the board of directors on 4th March 2011 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 408 of the Companies Act 2006, the Parent Company has not presented an income statement. A loss for the eighteen months ended 31 December 2010 of £6,142,318 (year ended 2009: loss of £299,220) has been included in the income statement.

1.2 Going concern

During the period ended 31 December 2010 the Group made a loss of £7,397,418 (2009: a loss of £299,220). At the balance sheet date the Group had net assets of £11,727,338 (2009: net liabilities of £197,686) of which £3,536,920 was cash at bank. The operation of the Group is currently being financed from funds which the Company raised from private and public placings.

The Group's capital management policy is to only raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects. The Directors believe that the Group has sufficient funds for it to comply with its foreseeable commitments and, accordingly, are satisfied that the going concern basis remains appropriate for the preparation of these financial statements. The Group will need additional funding to support the next stage of its development programme.

1.3 New standard and amendments

The following amendments to standards are mandatory for the first time for the financial periods commencing on or after 1 January 2009.

IAS1 (revised) 'Presentation of financial statements' includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The Directors have chosen the first option. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the Group.

IFRS8 'Operating segments' replaces IAS 14 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Following a review of the Group's internal management information, the Group maintains that it only has one class of business, the exploration and development of mineral resources and that primary segmental reporting is determined by geography according to the location of assets, which currently are based in Namibia and Mozambique.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

1.4 Basis of consolidation

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

1.5 Goodwill

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

1.6 Impairment of assets

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

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

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

1.7 Property, plant and equipment

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

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

1.8 Exploration and evaluation expenditure

The Group capitalises the fair value of the consideration paid for exploration and prospecting rights. All other costs incurred are expensed as they are incurred. The Group has taken into consideration the degree to which expenditure can be associated with finding specific mineral resources. The intangibles are amortised over the length of the mining licences and the amortisation expense is included within the Administration expenses line in the statement of comprehensive income.

1.9 Revenue recognition

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

1.10 Interest income

The only bank interest received in the year was on cash held at bank.

1.11 Expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin. Interest income and expense are reported on an accrual basis.

1.12 Investments

The Parent Company's investments in subsidiary companies are stated at cost less provision for impairment in the Company's balance sheet.

1.13 Foreign currency translation

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

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

1.14 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.

1.15 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.

1.16 Receivables

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

1.17 Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the 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.

1.18 Share capital

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

1.19 Share-based payments

The Company has granted equity-settled options. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the employee becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model. In valuing equity settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant value.

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

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

Where the terms of the equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

1.20 Critical accounting judgements and estimates

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

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

Valuation of goodwill and investments
Management value goodwill and investments after taking into account potential ore reserves, and cash-flow generated by estimated future production, sales and costs. If the assumed factors vary from actual occurrence, this will impact on the amount at which the asset should be carried on the balance sheet.

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments is addressed in Note 16.

Share based payments
The Group records charges for share based payments.

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

Further detailed analysis of the critical judgements and estimates relating to share based payments is addressed in Note 15.

1.21 Financial instruments

IFRS7 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

The required disclosures have been made in note 18 to the accounts.

1.22 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 Company, 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 year 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.

As disclosed in note 12 the Company's share capital was consolidated on a two for one basis on 26 August 2009. As such, the current and comparative basic and diluted earnings per share disclosures have been prepared on the basis of the consolidated share capital.

1.23 New standard and interpretations not applied

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:

Standard	**Subject**	**Effective from**
IFRS 2	Share Based Payment - Amendment relating to group cash-settled share-based payment transactions	1 January 2010
IFRS 5	Non-current assets held for sale and discontinued operations - Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2010
IFRS 8	Operating Segments -Amendments resulting from 2009 Annual Improvements to IFRSs	1 January 2010
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2013
IAS 5	Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to 1FRSs	1 January 2010
IAS 7	Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 57	Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 24	Related Party Disclosures -Revised definition of related parties	1 January 2011
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues	1 February 2010
IAS 36	Impairment of Assets - Amendments resulting from April 2009 Annual Improvements to IFRSs	1 January 2010
IAS 38	Intangible Assets - Amendments resulting from April 2009 Annual	1 July 2010

	Improvements to IFRSs	
IAS 39	Financial Instruments: Recognition and Measurement - Amendments	1 January 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

None of these standards are expected to have a material impact on the Group's financial statements.

2. Segment Reporting

For the purposes of segmental information, the operations of the Group are focused in the United Kingdom, Namibia and Mozambique and comprise one class of business: the exploration and evaluation of mineral resources. In the year to 30 June 2009 the Group held assets in Australia but these have been divested.

The Company acts as a holding company.

The Group's operating loss for the period arose from its operations in the United Kingdom, Namibia and Mozambique. In addition, all the Group's assets are based in the United Kingdom, Namibia and Mozambique.

Geographical Segment – Group 31 December 2010

	United Kingdom	Namibia	Mozambique	Australia	Total
	£	£	£	£	£
Other income	-	6,991	-	-	6,991
Exploration expenditure	-	(1,370,768)	(22,413)	-	(1,393,181)
Administration expenses	(1,240,161)	(371,048)	-	-	(1,611,209)
Interest paid	(30,394)	-	-	-	(30,394)
Interest received	18,943	4,302	-	-	23,245
Share based payments	(4,368,109)	(24,761)	-	-	(4,392,870)
Loss before taxation	(5,619,721)	(1,755,284)	(22,413)	-	(7,397,418)
Trade and other receivables	37,619	71,137	-	-	108,756
Cash and cash equivalents	3,446,322	90, 598	-	-	3,536,920
Accrued expenditure and provisions	(72,682)	(64,314)	-	-	(136,996)
Goodwill	7,831,768	-	-	-	7,831,768
Intangible assets	1,758	30,865	169,485	-	202,108
Property plant and equipment	-	184,782	-	-	184,782
Net assets	11,244,785	313,068	169,485	-	11,727,338

At the end of 31 December 2010, the Group had not commenced commercial production from its explorations sites and therefore had no turnover for the period. Other income relates to the sale of scrap metal arising from the removal of the old mine head at the Namib Lead and Zinc mine in Namibia.

Geographical Segment – Group 30 June 2009

	United Kingdom £	Namibia £	Mozambique £	Australia £	Total £
Exploration expenditure	-	-	-	(27,700)	(27,700)
Administration expenses	(267,750)	-	-	-	(267,750)
Interest paid	(4,783)	-	-	-	(4,783)
Interest received	1,013	-	-	-	1,013
Loss before taxation	(271,520)	-	-	(27,700)	(299,220)
Cash and cash equivalents	34,666	-	-	412	35,078
Accrued expenditure and provisions	(82,764)	-	-	-	(82,764)
Convertible loan notes	(150,000)	-	-	-	(150,000)
Net assets / (liabilities)	(198,098)	-	-	412	(197,686)

3. Operating Loss

The consolidated operating loss before tax is stated after charging:

	Period from 1 July 09 to 31 Dec 10 £	Period from 1 July 08 to 30 June 09 £
Depreciation – owned assets	111,482	-
Parent Company auditor's remuneration	20,000	9,500
Parent Company auditor's remuneration for non-audit corporate finance and other work	48,238	-
Subsidiary auditor's remuneration	13,589	-
Share based payments	4,392,870	-

4. Loss per share

	Loss for the period from continuing operations £	Weighted average number of shares	Loss per share Basic – pence per share
Eighteen months ended 31 December 2010	(7,397,418)	455,357,377	(1.62) pence
Year ended 30 June 2009	(299,220)	34,000,000	(0.88) pence

Options in issue are not considered diluting to the earnings per share as the Group is currently loss making.

5. Goodwill and business combinations

In accordance with the Share Purchase Agreement (dated 5 October 2009) entered into with Kalahari Gold Ltd, Kalahari Diamonds Ltd and Kalahari Minerals plc, the Company acquired, on 20 November 2009, the entire issued share capital in, and the shareholder loans to, West Africa Gold Exploration (Namibia) (Pty) Ltd ("WAGE") and Namib Lead and Zinc Mining (Pty) Ltd ("Namib Lead"), formerly Craton Diamonds (Pty) Ltd. The consideration paid by the Company for these two Namibian entities and the shareholder loans was satisfied by the allotment of 266,666,667 Ordinary shares of £0.002 ("Ordinary shares") each at 3 pence per Ordinary share.

Name of company	Country	Holding	Portion held	Nature of business
West Africa Gold Exploration (Namibia) (Pty) Ltd	Namibia	Ordinary shares	100%	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	Namibia	Ordinary shares	100%	Exploration and mining

The combined loss for WAGE and Namib Lead since the acquisition date and included in the Consolidated Statement of Comprehensive Income for the reporting period is £1,255,100.

If the acquisition of WAGE and Namib Lead had occurred on the first day of the reporting period the consolidated loss for the Group would be £8,063,874.

The acquisition of the two Namibian entities has been accounted for using acquisition accounting ("the purchase method"). The aggregate assets and liabilities were as follows:

	Book and fair values	
	£	£
Non-current assets		
Intangible assets	62,767	
Property, plant and equipment	158,966	221,733
Current assets		
Trade and other receivables	143,582	
Cash and cash equivalents	138,770	282,352
Current liabilities		
Trade and other payables		(325,528)
Total net current assets		178,557
Non-current liabilities		
Borrowings from shareholder and related parties		(9,789,050)
Net assets acquired		(9,610,493)
Stakeholder loans acquired		9,844,725
Total assets acquired		234,232
Goodwill arising on acquisition		7,765,768
Additional goodwill from acquisition of royalty contracts (note a)		66,000
Total goodwill		7,831,768
Cost of acquiring WAGE and Namib Lead		8,000,000
Costs of acquiring royalty contracts (note a)		66,000
		8,066,000
Satisfied by:		
Shares issued as consideration shares		8,066,000

Note a:

Following the acquisition of WAGE, on 2 March 2010, the Company issued 2,200,000 Ordinary shares at 3 pence per Ordinary share to two individuals in exchange for the royalty contracts of WAGE's future earnings owned by the individuals.

It is the Directors' view that whilst the acquisition of the royalty contracts increases the value of WAGE to the Group no separately identifiable asset has been created, accordingly an increase to goodwill has been recognised.

6. Intangible assets

GROUP	Exploration licences £	Software £	Total £
COST			
At 1 July 2008 and 30 June 2009	-	-	-
Acquired with subsidiaries	119,384	21,668	141,052
Additions in the period	170,355	8,175	178,530
Disposals in the period	(1,198)	(548)	(1,746)
Effects of movement in foreign exchange	16,546	3,141	19,687
At 31 December 2010	305,087	32,436	337,523
DEPRECIATION			
At 1 July 2008 and 30 June 2009	-	-	-
Acquired with subsidiaries	65,253	8,985	74,238
Charge for the period	39,803	11,255	51,058
Disposals in the period	(1,198)	(548)	(1,746)
Effects of movement in foreign exchange	9,504	2,361	11,865
At 31 December 2010	113,362	22,053	135,415
At 31 December 2010	191,725	10,383	202,108
At 30 June 2009	-	-	-

COMPANY	Exploration licences & Royalty contracts £	Software £	Total £
COST			
At 1 July 2008 and 30 June 2009	-	-	-
Additions in the period	235,485	2,368	237,853
At 31 December 2010	235,485	2,368	237,853
DEPRECIATION			
At 1 July 2008 and 30 June 2009	-	-	-
Charge for the period	-	610	610
At 31 December 2010	-	610	610
At 31 December 2010	235,485	1,758	237,243
At 30 June 2009	-	-	-

7. Property, plant and equipment

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 July 2008 and 30 June 2009	-	-	-	-
On acquisition of subsidiary	32,835	55,394	184,040	272,269
Additions in period	22,382	8,012	27,130	57,524
Disposals in the period	(4,121)	(17,541)	-	(21,662)
Effects of movement in foreign exchange	6,923	(5,567)	30,439	31,795
At 31 December 2010	58,019	40,298	241,609	339,926
DEPRECIATION				
At 1 July 2008 and 30 June 2009	-	-	-	-
Accumulated depreciation on acquisition of subsidiary	16,617	32,575	55,341	104,533
Charge for the period	14,635	13,194	32,596	60,425
Disposals in the period	-	(12,014)	-	(12,014)
Effects of movement in foreign exchange	1,965	(7,565)	7,800	2,200
At 31 December 2010	33,216	26,190	95,737	155,144
NET BOOK VALUE				
At 31 December 2010	24,802	14,108	145,872	184,782
At 30 June 2009	-	-	-	-

8. Trade and other receivables

	Group 31 Dec 2010 £	Company 31 Dec 2010 £	Group 30 June 2009 £	Company 30 June 2009 £
Amounts falling due within one year:				
Prepayments	45,112	19,794	-	-
Other receivable	63,644	17,825	-	-
	108,756	37,619	-	-
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	-	9,251,291	-	-

The loans extended to subsidiaries are issued interest free and with no fixed repayment terms.

9. Cash and cash equivalents

	Group 31 Dec 2010	Company 31 Dec 2010	Group 30 June 2009	Company 30 June 2009

	£	£	£	£
Cash at bank and in hand	3,536,920	3,446,322	35,078	35,078
	3,536,920	3,446,322	35,078	35,078

10. Trade and other payables

	Group 31 Dec 2010	Company 31 Dec 2010	Group 30 June 2009	Company 30 June 2009
	£	£	£	£
Trade payables	62,789	30,682	-	-
Other payables	74,207	42,000	82,764	82,764
	136,996	72,682	82,764	82,764

11. Convertible loan notes

	Group 31 Dec 2010	Company 31 Dec 2010	Group 30 June 2009	Company 30 June 2009
	£	£	£	£
At beginning of the period	150,000	150,000	-	-
New loans in the period	600,000	600,000	150,000	150,000
Loans repaid/converted in the period	(750,000)	(750,000)	-	-
At end of the period	-	-	150,000	150,000

The Convertible Loan Notes outstanding at 30 June 2009 were repaid in October 2009. During the 18 months to 31 December 2010 further Convertible Loan Notes were issued as noted below:

- In October 2009 Convertible Loan Notes totalling £100,000 were issued and subsequently converted to Ordinary shares as part of the placement of 233,333,333 Ordinary shares on 20 November 2009.
- Clarion Finanz AG acquired £500,000 Convertible Loan Notes on 20 October 2009. Subsequent to this Clarion Finanz AG assigned their rights to Clarion Finance Pte Ltd and White Rock Consulting Ltd equally. The terms of the notes were: repayable on 30 days' notice given by the lender at any time after 1 January 2010 (or earlier upon occurrence of usual events of default), the loan notes carried interest at 8% per annum and the principal amount of, and interest on, the loan could be converted into Ordinary shares at the Placing Price of 3 pence per share. The Loan Notes were repaid in full in June and July 2010.

During the Period the Company incurred interest charges on the Convertible Loan Notes as follows:

	Group 31 Dec	Company 31 Dec	Group 30 June	Company 30 June

	2010	2010	2009	2009
	£	£	£	£
Interest on Convertible Loan Notes	30,394	30,394	4,783	4,783

12. Ordinary shares

Authorised:

Number	Class	Nominal value	At 31 Dec 2010	At 30 June 2009
			£	£
5,000,000,000	Ordinary	0.2p	10,000,000	10,000,000

Allotted, issued and fully paid:

Number	Class	Nominal value	At 31 Dec 2010	At 30 June 2009
			£	£
596,200,000	Ordinary	0.2p	1,192,400	68,000

(Note: At 30 June 2009 there were 68,000,000 Ordinary shares of 0.001p prior to the consolidation of Ordinary shares referred to below)

Date of issue	Detail of issue	Number of Ordinary shares	Share capital	Share premium
			£	£
26-Aug-09	Consolidation of capital (0.002p)	34,000,000	68,000	481,238
24-Sep-09	Placement to provide working capital	40,000,000	80,000	320,000
24-Sep-09	Placement - Mozambique licences	10,000,000	20,000	80,000
09-Oct-09	Conversion of convertible notes	10,000,000	20,000	80,000
20-Nov-09	Consideration to Kalahari Diamonds	21,666,667	43,333	606,667
20-Nov-09	Consideration to Kalahari Gold	245,000,000	490,000	6,860,000
20-Nov-09	Placement to provide working capital	233,333,333	466,667	6,533,333
18-Feb-10	Issue to purchase Royalty contracts	2,200,000	4,400	61,600
	Cost of issuing capital in the year			(819,071)
As at 31 December 2010		596,200,000	1,192,400	14,203,767

In the period from 1 July 2009 to 31 December 2010 the following Ordinary share issues occurred:

On 26 August 2009, the Company consolidated its issued and fully paid share capital on the basis of one new Ordinary share of £0.002 each for every two existing Ordinary shares of £0.001 each and the Directors were authorised to allot Ordinary shares with a nominal value of £9,932,000 on a non-pre-emptive basis.

On 24 September 2009, the number of Ordinary shares issued and fully paid was increased from 34,000,000 Ordinary shares to 84,000,000 Ordinary shares by way of a placing and issue of Ordinary shares under the Mozambique Licences Agreement.

On 9 October 2009, the number of Ordinary shares issued and fully paid was increased from 84,000,000 Ordinary shares to 94,000,000 Ordinary shares following conversion of Convertible Loan Notes.

In accordance with the Share Purchase Agreement (dated 5 October 2009) entered into with Kalahari Gold Ltd, Kalahari Diamonds Ltd and Kalahari Minerals plc, the Company acquired, on 20 November 2009, the entire issued share capital in, and the shareholder loans to, WAGE and Namib Lead. The consideration paid by the Company for these two Namibian entities was satisfied by the allotment of 266,666,667 Ordinary shares. Following this allotment, the number of Ordinary shares issued and fully paid up was increased from 94,000,000 to 360,666,667.

Under the Share Purchase Agreement referred to above, the Company also, on 20 November 2009, raised £7m through the issue of 233,333,333 Ordinary shares. Following this issue, the number of Ordinary shares issued and fully paid up was increased from 360,666,667 to 594,000,000.

Following the acquisition of WAGE, on 2 March 2010 the Company issued 2,200,000 Ordinary shares at £0.03 each to two individuals in exchange for the royalty contracts of WAGE's future earnings owned by the individuals. Following this issue the number of Ordinary shares in issue and fully paid was increased from 594,000,000 to 596,200,000.

13. Taxation

	Group 31 Dec 2010 £	**Group 30 June 2009 £**
Factors affecting the tax charge for the year		
Loss from continuing operations before income tax expenses	(7,397,418)	(299,220)
Tax at Company rate of 28% (2009: 28%)	(2,071,277)	(83,782)
Expenses not deductible	964,963	83,782
Overseas rate differences	(119,235)	-
Excess / (shortfall) of fiscal depreciation over accounting depreciation	34,325	-
Other timing differences not recognised (exploration costs, leave pay)	591,405	-
Losses carried forward not recognised	715,379	-
Income tax expense	-	-

The Group has tax losses of £1.7m and exploration costs of £13.9m which will be available for offset against future income. No deferred tax has been reflected on these assets as the timing of their utilisation is uncertain at this stage.

The total amounts of deferred tax are:

	Group 31 Dec 2010 £	**Group 30 June 2009 £**
Provided for		
Accelerated capital allowances	-	-
Exploration costs	-	-

Share based payments	-	-
Unutilised losses	-	-
Total provided for	-	-
Un-provided for		
Accelerated capital allowances	28,611	56,785
Exploration costs	(5,224,077)	(4,238,781)
Share based payments	(248,119)	(15,478)
Unutilised losses	(464,359)	-
Total un-provided deferred tax	(5,907,944)	(4,197,474)
Total deferred tax		
Accelerated capital allowances	28,611	56,785
Exploration costs	(5,224,077)	(4,238,781)
Share based payments	(248,119)	(15,478)
Unutilised losses	(464,359)	-
Total deferred tax	(5,907,944)	(4,197,474)

14. Subsidiary entities

The financial statements includes the following group companies:

Company	Country of Incorporation	Holding	Nature of business
NRR Energy Minerals Limited	United Kingdom	100%	Inactive
NRR Mozambique Limited	United Kingdom	100%	Inactive
West Africa Gold Exploration (Namibia) (Pty) Ltd	Namibia	100%	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	Namibia	100%	Exploration and mining
North River Resources Namibia (Pty) Ltd	Namibia	100%	Administration
North River Resources Pty Ltd [Note 1]	Australia	100%	Inactive
North River Resources Ltd [Note 2]	Isle of Man	100%	Dormant
North River Minerals Ltd [Note 2]	Isle of Man	100%	Dormant

Note 1: Company was closed in 2010

Note 2: Incorporated and closed within the period 30 June 2009 to 31 December 2010 with no activity.

The acquisition of WAGE and Namib Lead is covered in detail under Note 5 ‘Goodwill and Business Combinations’.

NRR Energy Minerals Limited and NRR Mozambique Limited were established in October and December 2010 respectively as wholly owned subsidiaries of North River Resources plc. They have not traded.

North River Resources Namibia (Pty) Limited was established in December 2009 as a wholly owned subsidiary and will act as the administration company for the Group’s activities in Namibia leaving the other subsidiaries to concentrate on exploration activity.

15. Share based payments

Share options outstanding

	Period ended 31 Dec 2010	Year ended 30 June 2009
Opening balance	3,000,000	3,000,000
Issued in the period	114,900,000	-
Cancelled in the period	(700,000)	-
Closing balance	117,200,000	3,000,000

The share capital was consolidated on a two for one basis on 26 August 2009. The options in existence at 1 July 2009 were for 6,000,000 Ordinary shares of £0.001 whereas the 3,000,000 options are for Ordinary shares of £0.002.

Details of share options outstanding at 31 December 2010:

Date of grant	Number of options	Option price p	Exercisable between
27 December 2006	3,000,000	10p	27/12/06 – 27/12/11
24 September 2009	61,000,000	5p	24/09/09 – 30/06/14
24 September 2009	10,000,000	10p	24/09/09 – 30/06/14
12 October 2009	10,000,000	5p	12/10/09 – 30/06/14
23 November 2009	15,000,000	5p	23/11/09 – 23/11/14
3 February 2010	4,725,000	7.5p	03/02/10 – 01/02/13
3 February 2010	4,725,000	7.5p	01/02/11 – 01/02/13
3 February 2010	4,725,000	10p	03/02/10 – 01/02/15
3 February 2010	4,725,000	10p	01/02/11 – 01/02/15

The share options issued in 2006 were fully expensed in prior periods.

Included within administration expenses is a charge for issuing share options of £4,896,175 which was recognised in accordance with the Group's accounting policies.

The share options issued during the period were valued at £4,530,085 with reference to the Black-Scholes option pricing model taking into account the input assumptions as outlined below:

Dates issued	ranging from 24th September 2009 to 3rd February 2010
Share price	ranging from 3.5 pence to 7.5 pence
Exercise price	ranging from 5 pence to 10 pence
Expected volatility – determined by reference to observed volatility during the year	ranging from 65% to 70%
Vesting period	ranging from 24th September 2009 to 24 September 2011
Expected dividends	Nil
Risk free interest rate	ranging from 5.025% to 5.175%

Addition disclosure information

Weighted average exercise price of share options:	
- outstanding at the beginning of the period	10 pence
- granted during the period	6.1 pence
- outstanding at the end of the period	6.2 pence
- exercisable at the end of the period	5.9 pence
Weighted average remaining contractual life of share options outstanding at the end of the period	3.4 years

16. Impairment testing of goodwill and assets with indefinite lives

Goodwill

The Directors are of the opinion that the Goodwill acquired in respect of WAGE and Namib Lead in November 2009 represents the value of the Licence Areas held by WAGE and Namib Lead at 31 December 2010. At the time of the acquisition of WAGE and Namib Lead, the Licence Areas were subject to an external review by MSA Geosciences of South Africa whose employee Mike Venter acted as a Competent Person, as disclosed in the AIM re-admission document.

The continued exploration and development work within the Licence Areas since acquisition has not revealed anything that would suggest that there has been a value change to the Goodwill position set out in the AIM listing document.

In reviewing the Goodwill value, it is noted that the commodity prices for the commodities that WAGE and Namib Lead are exploring for in Namibia have increased since November 2009. Copper prices have moved from approximately US$6,500 per tonne in November 2009 to approximately US$9,500 per tonne in January 2011 as well as the increase in gold, lead and zinc prices over that time.

It is further noted that the following EPLs in the Licence Areas have been renewed since purchase thus providing additional security of tenure.

Project	**Application name**	**Type**	**Number**	**Surface area (km^2)**	**Annual licence fees (N$)**	**Current status**	**Expiry date**
Namib Lead	Namib Lead	EPL	2902	45.23400	2,000	Renewed	17/04/2012
Ubib	Ubib	EPL	3139	545.75000	6,000	Renewal submitted	19/04/2011
Dordabis	Kupferberg	EPL	3257	630.86300	7,000	Renewed	01/06/2012
Witvlei	Christiadore	EPL	3258	384.68200	4,000	Renewed	15/05/2012
Witvlei	Okatjirute	EPL	3261	266.27600	3,000	Renewed	25/07/2011

In accordance with the Group's accounting policies the Directors are committed to reviewing their opinion on the Goodwill annually, or in the situation where an indication of impairment arises, and impairing the goodwill where information comes to light that clarifies the size, quality and economics of the licences and ore bodies held/owned by WAGE and Namib Lead.

On the date the Licence Areas were acquired, the Goodwill was allocated to the exploration areas in proportion to the historic exploration costs associated with the areas. See below. Management consider this to be an appropriate basis on which to recognise the goodwill purchased.

Goodwill ascribed to areas	**Group 31 Dec 2010 £**
WAGE	
Witvlei Copper	4,719,300
Dordabis Copper	1,983,634
	6,702,934
Namib Lead	
Namib Lead- mine	1,036,052
Ubib	92,782
	1,128,834
Total, as agreed to Note 5	7,831,768

Assets with indefinite lives

The Company has receivables from Group companies, namely, from WAGE and Namib Lead. The Directors are also of the opinion that the decision not to impair the value of the Goodwill and the reasons for that decision supports their decision not to impair the loans extended to WAGE and Namib Lead.

On acquisition of WAGE and Namib Lead the Company paid £8,000,000 for the loans in WAGE and Namib Lead. Since the acquisition date a further £1,251,291 has been provided to the subsidiaries as working capital.

17. Fair value

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

	Book Value		**Fair Value**	
	31 Dec 2010 £	**30 June 2009 £**	**31 Dec 2010 £**	**30 June 2009 £**
Financial Assets				
Trade and other receivables	108,756	-	108,756	-
Loans and other receivables	136,996	-	136,996	-
Cash and cash equivalents	3,536,920	35,078	3,536,920	35,078

Total	3,782,672	35,078	3,782,672	35,078
Financial Liabilities				
Trade and other payables	136,996	82,764	136,996	82,764
Convertible loan notes	-	150,000	-	150,000
Total	136,996	232,764	136,996	232,764

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

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

18. Financial instrument and financial risk management

The Group’s principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

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

The main risk arising from the Group's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market risk

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

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

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

	Weighted average effective interest rate	**Floating interest rate maturing in 1 year or less**	**Fixed Interest rate 2010**	**Non-interest bearing 2010**	**Total**
18 months ended 31 December 2010	%	£	£	£	£
Financial instruments					
Financial assets					
Trade and other receivables	0.00	-	-	108,756	108,756
Cash on deposit	0.5	3,536,920	-	-	3,536,920
Total financial assets		3,536,920	-	108,756	3,645,676
Financial liabilities					
Trade and other payables	0.00	136,996	-	-	136,996
Convertible loan notes	0.00	-	-	-	-
Total financial liabilities		136,996	-	-	136,996
Year 30 June 2009					
Financial instruments					
Financial assets					
Trade and other receivables		-	-	-	-
Cash on deposit	1.2	35,076	2	-	35,078
Total financial assets		35,076	2	-	35,078
Financial liabilities					
Trade and other payables	0.00	-	-	82,764	82,764
Convertible loan notes	8.00	-	150,000	-	150,000
Total financial liabilities		-	150,000	82,764	232,764

Net fair value

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the balance sheet and in the related notes.

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

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

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

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

The entity has established a number of policies and processes for managing liquidity risk. These include:
- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

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

Trade receivables at 31 December 2010 consist primarily of prepayments and other sundry receivables. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Capital management

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

19. Related party transactions

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis, was paid fees in the amount of £100,000 (2009: £Nil) for the provision of services provided by David Steinepreis. It was also paid £29,008 (2009: £Nil) for the provision of office facilities to the Company.

Ord Street Services, an entity associated with David Steinepreis, was reimbursed office costs incurred and paid by Ord Street Services on behalf of North River Resources Plc. in the amount of £Nil (2009: £5,937).

Fernan Pty Ltd, a company associated with Mark Hohnen, was paid fees in the amount of £53,467 (2009: £Nil) for the provision of services provided by Mark Hohnen.

Quantum Vis Pty Ltd, a company associated with a former director, Robert Downey, had fees during 2009 of £5,355, pursuant to a services agreement between Mr Downey and the Company.

Kalahari Minerals Plc., a major shareholder in the Company received £30,168 (2009: £Nil) for the provision of office facilities to the Company.

In Namibia, TLP Investments 105 (Pty) Limited, a subsidiary of Kalahari Minerals Plc., received £31,811 (2009: £Nil) for the provision of office facilities to the Company's Namibian subsidiaries.

Full details of Directors' option holdings are included in the Directors' Report.

20. Employees' and directors' remuneration

	Group period to 31 Dec 2010 £	**Group year to 30 June 2009 £**
Employee remuneration	564,510	-
Employee social security costs	45,464	-
Total	609,974	-

Average employee numbers	**Number**	**Number**

Exploration and expenditure	14	-
Administration and management	10	5
Total	24	5

2010 Directors	Directors' salary period to 31 Dec 10	Directors' fees period to 31 Dec 10	Consulting fees period to 31 Dec 10	Share based payments period to 31 Dec 10	Total period to 31 Dec 10
	£	£	£		£
Mark Hohnen	-	53,467	-	47,969	101,436
David Steinepreis	133,000	-	100,000	533,607	766,607
Martin French	-	37,722	20,400	495,844	553,966
Glyn Tonge	-	32,696	-	10,206	42,902
Patrick Burke	-	-	11,000	145,691	156,691
Glenn Whiddon	-	8,000	-	485,638	493,638
	133,000	131,885	131,400	1,718,956	2,115,240

2009 Directors	Directors' salary year to 31 June 09	Directors' fees year to 31 June 09	Consulting fees year to 31 June 09	Total year to 31 June 09
	£	£	£	£
David Steinepreis	12,000	-	-	12,000
Martin French	-	6, 645	-	6,645
Patrick Burke	-	12,000	-	12,000
Glenn Whiddon	-	6,465	5,355	12,000
Robert Downey	-	5,355	-	5,355
	12,000	30,465	5,355	48,000

21. Control

No one party is identified as controlling the Company.

22. Exploration expenditure commitments

Restoration commitments

The Company has no obligations to undertake any rehabilitation or restoration activity on the licences currently held.

JV agreement with Extract Resources Ltd

An agreement has been signed with Extract Resources Ltd ("Extract") relating to their respective wholly-owned subsidiaries, Extract Resources (Namibia) (Proprietary) Ltd ("Extract Namibia"), NRR Energy Minerals Limited ("NRR Energy") and WAGE.

Under the Agreement, subject to the satisfaction of certain conditions, NRR Energy will subscribe US$800,000, so that each of Extract and NRR Energy will hold a 50% interest in Extract Namibia. The principal assets of Extract Namibia are EPL 3327 and EPL 3328, pursuant to which Extract Namibia has the rights to explore for nuclear fuel minerals. Located west and north respectively of the historic tin mining centre of Uis in western Namibia, previous exploration activity, undertaken by Extract Namibia, has shown that these licences have the potential to host secondary uranium deposits associated with palaeodrainages of the Orawab and Ugab ephemeral river systems. The Subscription Funds will be used by Extract Namibia to expedite further uranium exploration on these licences.

The Agreement also allows for the formation of a 50/50 unincorporated joint venture between WAGE and Extract in relation to the nuclear fuel rights (if granted) in respect of EPL 3139. WAGE is the sole legal holder of EPL 3139 in Namibia and has applied for the rights to explore for nuclear fuel minerals in respect of this licence. The nuclear fuel rights for EPL 3139 have yet to be granted. Subject to the terms of the Agreement, WAGE and Extract have agreed that if WAGE is granted the nuclear fuel rights for EPL 3139, and subject to obtaining any necessary approvals and consents required for the transaction under the Namibian Minerals Act, WAGE and Extract will form an unincorporated 50/50 joint venture in respect of these nuclear fuel rights ("Joint Venture"). Once the Joint Venture is formed, WAGE is obligated to fund the first US$500,000 exploration for nuclear fuels in relation to EPL 3139 activities.

Existing Exploration Licences in Namibia

The Group has a number of exploration licences in Namibia. There is a commitment to spend £3,600,000 on these licences through 2011 and into 2012. There is scope in the Mines and Minerals Act for expenditure to be altered by the Company and still keep the licences in good standing. The commitments are based on a positive outcome for all stages of work within the period of tenure of each licence. It should also be noted that if the project has negative results in the first 6 months of the licence tenure – then the project can be terminated without further expenditure.

Existing Exploration Licences in Mozambique

The Group has a number of exploration licences in Mozambique. Under joint venture ("JV") agreements our JV partners are committed to cover the cost of exploration for the foreseeable future.

23. Post balance sheet events

Post period end, the Company was granted four new Exclusive Prospecting Licences ('EPLs') covering 3,838km^2. The new licences cover two project areas, Kamkas and Hero, and have been granted for base, rare and precious metals, as well as industrial minerals and non-nuclear fuels, for a period of three years expiring 16 January 2013.

The Company also signed a JV agreement with Jacana over the Mavuzi licences, which cover 54,580ha in Mozambique. The licences, which include the Castro and Inhatobui targets and the previously producing Mavuzi and Castro uranium mines, are prospective for uranium and rare earth elements (‘REEs’).