

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult an independent financial adviser authorised and regulated under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this Circular should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” set out in Part IV of this Circular.**

If you have sold or otherwise transferred all of your Ordinary Shares, prior to the date on which the Ordinary Shares are marked ex-entitlement by the London Stock Exchange, please forward this Circular and accompanying Application Form at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom you have sold or transferred your shares for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction where to do so might constitute a violation of local securities law or regulation. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**A prospective investor should be aware of the risks of investing in the Company and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this Circular.**

The Existing Ordinary Shares are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares, the Placing Shares, the Open Offer Shares and New Greenstone Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and dealings for normal settlement in the New Ordinary Shares, the Placing Shares, the Open Offer Shares and New Greenstone Shares will commence, at 8.00 a.m. on 19 July 2016. It is emphasised that no application is being made for admission of the Existing Ordinary Shares, the New Ordinary Shares, the Placing Shares, the Open Offer Shares or the New Greenstone Shares to the Official List of the UK Listing Authority. None of the Existing Ordinary Shares, the New Ordinary Shares, the Placing Shares, the Open Offer Shares or the New Greenstone Shares will be dealt on any other recognised investment exchange and no other such application will be made.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List. This Circular does not comprise an admission document under the AIM Rules.**

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# **NORTH RIVER RESOURCES PLC**

*(Incorporated and registered in England and Wales with registered number 5875525)*

## **Share Capital Reorganisation**

**Financing Proposals for Open Offer and Placing of up to 12,317,359 Open Offer Shares and Placing Shares at 23.75 pence per share**

**Grant of conversion rights in respect of Loan Notes**

**Waiver of Rule 9 of the Code**

**Authorisation to allot Equity Securities**

**and**

**Notice of General Meeting**

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This document should be read as a whole. Your attention is drawn to the letter from the Independent Non-Executive Chairman of the Company which is set out as Part I of this Circular and the section headed “Risk Factors” in Part IV of this Circular.

The total consideration under the Open Offer and the 2015 Open Offer together shall be less than €5 million (or an equivalent amount in US dollars or sterling) in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this Circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the FCA and has not been approved by the FCA or any other authority or regulatory body.

This Circular and any other materials relating to the Open Offer Shares have not been, and will not be, lodged or registered as a prospectus in Australia with the Australian Securities and Investments Commission (“ASIC”). Accordingly, this Circular and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Open Offer Shares, may not be issued, circulated or distributed, nor may the Open Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Australia except those qualified under the relevant exemptions in Section 708 of the Australian Corporations Act 2001 (Cth) (“Corporations Act”).

The Open Offer Shares may not be publicly offered, sold or advertised directly or indirectly in or into Switzerland. The Open Offer Shares will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. Neither this Circular nor any other offering or marketing material relating to the Open Offer Shares or the Open Offer have been prepared with regard to the disclosure standards for issuance prospectuses under art.652a or art.1156 of the Swiss Code of Obligations or the disclosure standards

for listing prospectuses under art.27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland and therefore do not constitute a prospectus within the meaning of the Swiss Code of Obligations, the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Circular nor any other offering or marketing material relating to the Open Offer Shares or the Open Offer may be publicly distributed or otherwise made publicly available in Switzerland.

In addition, as the total consideration under the Open Offer and the 2015 Open Offer shall be less than €5 million (or an equivalent amount in US dollars or sterling) in aggregate, in accordance with Article L. 411-2 of the French Monetary Code (*Code monétaire et financier*) and Article 2-112 2° of the French Regulations, this Circular is not, and is not required to be, a prospectus for the provisions of the French Regulations and has not been approved by the Autorité des Marchés Financiers.

A presente oferta particular foi endereçada a menos de 150 participantes potenciais, previa e individualmente identificados e bem determinados, com residência ou estabelecimento em Portugal. A oferta não foi precedida ou acompanhada de prospeção ou de recolha de intenções de investimento ou de promoção publicitária. A presente oferta tem um valor total na União Europeia inferior a € 5.000.000, calculado em função das ofertas realizadas ao longo de um período de 12 meses. The Open Offer is addressed to less than 150 potential participants, previously and individually identified and properly selected, with domicile or establishment in Portugal. The Open Offer has not been preceded or accompanied by prospection work or the collection of investment intentions or advance publicity. The Open Offer and the 2015 Open Offer together have a total value in the EU that does not exceed €5,000,000, calculated on the basis of offers made over a 12 month period.

The Open Offer closes at 11.00 a.m. on 15 July 2016. If you are an Eligible Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part II of this Circular and, if you are an Eligible non-CREST Shareholder, complete and return the accompanying Application Form. Eligible CREST Shareholders (who will not receive an Application Form) will receive instead a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements which will be enabled for settlement on 29 June 2016. If you do not wish to participate in the Open Offer, then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Eligible Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a bona fide market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

The Open Offer Shares will, following allotment, rank *pari passu* in all respects with the New Ordinary Shares including the right to receive all dividends and other distributions declared made or paid on the Ordinary Share capital of the Company, as more fully set out in paragraph 13 of Part I of this Circular.

**This document is being sent to all Shareholders, but in relation to those Shareholders who are not Eligible Shareholders (which means any Shareholders resident outside of the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal it is being sent to them for information purposes only as regards the Open Offer.**

Capitalised terms in this Circular have the meaning ascribed to them in the section headed "Definitions" on pages 6 to 12 of this Circular.

References to times are to London, United Kingdom, time unless otherwise stated. References to dates and times in this Circular should be read as being subject to adjustment. The Company will make an appropriate announcement via a regulatory information service giving details of any revised dates and/or times, but Shareholders may not receive any further written communication.

Strand Hanson Limited ("**Strand Hanson**"), which is authorised and regulated in the United Kingdom by the FCA, is the Company's nominated and financial adviser for the purposes of the AIM Rules and, as such, its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity in respect of his reliance on any part of this Circular. Strand Hanson is acting exclusively for the Company, as nominated adviser for the purposes of the AIM Rules, in relation to the matters described in this Circular and is neither taking responsibility for the commercial assessment of the Open Offer or the Placing, which remains the sole responsibility of the Board, nor for any matters outside the duties of a nominated adviser, as prescribed by the AIM Rules, nor is it advising any other person and accordingly will not be responsible to any person other than the Company for providing the protections afforded to the clients of Strand Hanson or for providing advice in relation to the matters described in this Circular. No representation or warranty, express or implied is made by Strand Hanson for the accuracy of any information or opinions contained in this Circular or for the omission of any material information, for which it is not responsible.

RFC Ambrian Limited ("**RFC Ambrian**"), which is authorised and regulated in the United Kingdom by the FCA, is the Company's broker for the purposes of the AIM Rules. RFC Ambrian is acting for the Company and no one else in relation to the subject matter of this Circular and will not be responsible to any other person for providing the protections afforded to customers of RFC Ambrian nor for providing advice in relation to the contents of this Circular or any matter referred to herein. No representation or warranty, express or implied, is made by RFC Ambrian for the accuracy of any information or opinions contained in this Circular or for the omission of any material information, for which it is not responsible.

No person has been authorised to give any information or make any representations other than as contained in this Circular and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Strand Hanson, Greenstone Resources LP, RFC Ambrian or any other person. Without prejudice to the Company's obligations under the AIM Rules, the delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Circular or that the information contained herein is correct as at any time subsequent to its date.

A notice convening a General Meeting of the Shareholders of the Company to be held on 18 July 2016 at the offices of Shakespeare Martineau LLP, 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR at 2.00 p.m. is set out at the end of this Circular. Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting.

**To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible but in any event not later than 2.00 p.m. on 14 July 2016. The return of a Form of Proxy will not preclude a Shareholder from attending, speaking or voting in person at the General Meeting should they so wish.**

Copies of this Circular are available from the Company's registered office from the date of this Circular until the close of the Open Offer. This Circular will also be available for download from the Company's website: <http://www.northriverresources.com/>.

## IMPORTANT INFORMATION

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or an applicable exemption from such registration requirements. None of the Existing Ordinary Shares, the New Ordinary Shares, the Placing Shares, the Open Offer Share nor the New Greenstone Shares have been, nor will they be, registered under the Securities Act or under the securities legislation of any state of the United States. There will be no public offering of the Existing Ordinary Shares, the New Ordinary Shares, the Placing Shares, the Open Offer Share nor the New Greenstone Shares in the United States. The relevant clearances have not been, nor will they be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Open Offer or the Placing has been, nor will it be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Open Offer or the Placing. None of the Existing Ordinary Shares, the New Ordinary Shares, the Placing Shares, the Open Offer Share nor the New Greenstone Shares may be, directly or indirectly, offered or sold within any territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, or offered or sold to a person within any territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this Circular and/or an Application Form should not, in connection with the Open Offer, distribute or send this Circular or Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer.

This document contains “forward-looking statements” which includes all statements other than statements of historical fact including, without limitation those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “might”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

Neither the Open Offer Shares nor the Placing Shares have been, nor are they intended to be, registered or qualified for sale in any jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. Accordingly, in relation to the Open Offer, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Existing Shareholders with registered addresses in any jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, he/she should not seek to take up his/her allocation.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

General Meeting Record Date	5.00 p.m. on 27 June 2016
Open Offer Record Date (for entitlement under the Open Offer)	5.00 p.m. on 27 June 2016
Announcement of the Open Offer and Placing	28 June 2016
Posting of this Circular and the Application Forms	28 June 2016
Existing Ordinary Shares marked 'ex' by London Stock Exchange	8.00 a.m. on 29 June 2016
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Eligible CREST Shareholders	as soon as practicable on 29 June 2016
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 11 July 2016
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 12 July 2016
Latest time for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 13 July 2016
Latest time and date for receipt of Forms of Proxy for the General Meeting	2.00 p.m. on 14 July 2016
<b>Latest time and date for receipt of Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions</b>	11.00 a.m. on 15 July 2016
General Meeting	2.00 p.m. on 18 July 2016
Share Capital Reorganisation Record Date	5.00 p.m. on 18 July 2016
Announcement of the results of the General Meeting	18 July 2016
Expected date of announcement of results of the Open Offer through an RIS	18 July 2016
Expected time and date for Admission and commencement in dealings in the New Ordinary Shares following completion of the Share Capital Reorganisation, the Placing Shares, the Open Offer Shares and New Greenstone Shares on AIM	8.00 a.m. on 19 July 2016
Expected date for crediting of the New Ordinary Shares following completion of the Share Capital Reorganisation, the Placing Shares, the Open Offer Shares and New Greenstone Shares in uncertificated form to CREST accounts	19 July 2016
Expected date of despatch of definitive share certificates for the New Ordinary Shares, the Placing Shares, the Open Offer Shares and New Greenstone Shares	on or before 26 July 2016

*Notes:*

- (1) References to times in this Circular are to London, United Kingdom, time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this Circular may be subject to change (with the agreement of the Nominated Adviser and the Broker). If any of the above times or dates should change, the details of the revised times and/or dates will be notified by an appropriate announcement via a regulatory information service, but Shareholders may not receive any further written communication.
- (3) In order to subscribe for Open Offer Shares under the Open Offer, Eligible Shareholders will need to follow the procedure set out in Part II of this Circular and, where relevant, complete the accompanying Application Form. If you have any questions relating to this Circular, and the completion and return of the Application Form, please telephone Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. till 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes

**ILLUSTRATIVE STATISTICS RELATING TO THE OPEN OFFER,  
THE PLACING AND THE GREENSTONE PLACING**

Market price per Existing Ordinary Share <sup>1</sup>	0.1 pence
Anticipated market price per New Ordinary Share following completion of the Share Capital Reorganisation <sup>2</sup>	25.00 pence
Issue price per Open Offer Share and Placing Share (pre the Share Capital Reorganisation)	0.095 pence
Issue price per Open Offer Share and Placing Share (post the Share Capital Reorganisation)	23.75 pence
Number of Existing Ordinary Shares in issue (by reference to Existing Ordinary Shares pre the Share Capital Reorganisation) <sup>3</sup>	2,199,091,843
Equivalent number of New Ordinary Shares in issue (post the Share Capital Reorganisation) <sup>3</sup>	8,796,367
Number of 2015 Convertible Loan Notes in issue at the date of this Circular <sup>4</sup>	US\$3,127,126.17
Number of Loan Notes in issue	US\$5.6 million
Number of Open Offer Shares available under the Open Offer <sup>5</sup>	8,683,254
Maximum number of Placing Shares	3,634,105
Number of New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares in issue on Admission <sup>6</sup>	26,392,596
Basis of Open Offer	1.41 Open Offer Shares for every 250 Existing Ordinary Shares held <sup>5</sup>
Approximate percentage of the Enlarged Share Capital represented by the Open Offer Shares and Placing Shares <sup>6</sup>	46.7 per cent.
Number of Greenstone Shares (post the Share Capital Reorganisation) in issue following completion of the Open Offer and the Placing, should the full amount of US\$3.92 million be raised pursuant to the Open Offer and the Placing <sup>7</sup>	7,916,899
Number of Greenstone Shares (post the Share Capital Reorganisation) in issue following completion of the Open Offer and the Placing, should the Loan Notes be converted in full <sup>7</sup>	20,234,259
Estimated net proceeds of the Open Offer, the Placing and the Greenstone Placing <sup>8</sup>	US\$5.4 million
Gross proceeds of the Open Offer, the Placing and the Greenstone Placing <sup>8</sup>	US\$5.6 million

*Notes:*

- (1) In the event the Share Capital Reorganisation was not taking place, this would equate to 352.5 new shares for every 250 Existing Ordinary Shares held. The mid-market closing price on 24 June 2016 derived from the London Stock Exchange, being the last practicable Business Day prior to the announcement of the Open Offer.
- (2) Based on the market price per Existing Ordinary Share and the Share Capital Reorganisation only and assuming no other market movements.
- (3) As at the close of business on 24 June 2016, being the last practicable Business Day prior to the publication of this Circular.
- (4) As more fully described in Part I of this Circular, the 2015 Convertible Loan Notes will, pursuant to the terms of the Subscription Agreement, be repaid (and cancelled) out of the proceeds of the Greenstone Placing.

- (5) The actual number of Open Offer Shares to be issued will be subject to rounding down to eliminate fractional entitlements and effects of the Share Capital Reorganisation. Open Offer Entitlements will be calculated by reference to the number of Existing Ordinary Shares held, as calculated on the Open Offer Record Date. Greenstone has undertaken not to participate in the Open Offer and will be excluded from the Open Offer so that Greenstone's holding of Existing Ordinary Shares will not be taken into account in calculating Open Offer entitlements.
- (6) This figure is post the Share Capital Reorganisation and assumes that the maximum number of 12,317,359 Open Offer Shares available under the Open Offer and the Placing are allotted pursuant to the Open Offer and the Placing (combined) and that US\$3.92 million of the Loan Notes are repaid, with US\$1.68 million of the Loan Notes being converted into 5,278,868 New Greenstone Shares in accordance with the Conversion Requirement (and assuming all Resolutions are approved without amendment).
- (7) If the Open Offer and the Placing proceed to raise US\$3.92 million from investors other than Greenstone, 70 per cent. of the Loan Notes will be repaid, and 30 per cent. of the Loan Notes will automatically be converted into New Greenstone Shares in accordance with the Conversion Requirement. If the Open Offer and Placing do not raise any proceeds, the Loan Notes will also automatically be converted into New Greenstone Shares. In each case, this assumes that all Resolutions are approved without amendment.
- (8) Pursuant to the terms of the Greenstone Placing, the Company has raised a total amount of US\$5.6 million through the issue of the Loan Notes, which (depending on the results of the Open Offer and Placing) may be repaid out of the proceeds of the Open Offer and the Placing up to 70 per cent. of the total value of the Loan Notes.
- (9) Share prices and premiums have been derived from the London Stock Exchange and represent the closing mid-market prices on the relevant date.



## DIRECTORS, SECRETARY AND ADVISORS

<b>Directors</b>	Rodney Beddows ( <i>Independent Non-Executive Chairman</i> ) James Beams ( <i>Chief Executive Officer</i> ) Keith Marshall ( <i>Independent Non-Executive Director</i> ) Kenneth Sangster ( <i>Independent Non-Executive Director</i> ) Mark Sawyer ( <i>Non-Executive Director</i> ) Mark Thompson ( <i>Independent Non-Executive Director</i> )
<b>Company Secretary</b>	Ben Harber Shakespeare Martineau LLP One America Square Crosswall London EC3N 2SG <sup>1</sup>
<b>Registered office</b>	One America Square Crosswall London EC3N 2SG <sup>1</sup>
<b>Nominated &amp; Financial Adviser</b>	Strand Hanson Limited 26 Mount Row London W1K 3SQ
<b>Broker</b>	RFC Ambrian Limited Level 5, Condor House 10 St Paul's Churchyard London EC4M 8AL
<b>Solicitors to the Company as to English law</b>	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB
<b>Auditors to the Company</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
<b>Receiving Agent</b>	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

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<sup>1</sup> With effect from 18 July 2016, the offices of Shakespeare Martineau (and the Company's registered office) shall be 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR.

## DEFINITIONS

The following definitions apply throughout this Circular, except where the context requires otherwise:

<b>“5 Level Drive”</b>	has the meaning given to that term in paragraph 2 of Part I
<b>“2006 Act” or “Companies Act” or “Act”</b>	the Companies Act 2006 (as amended, modified, consolidated, re-enacted or replaced from time to time)
<b>“2015 Convertible Loan Notes”</b>	10 per cent. convertible loan notes 2018 issued to Greenstone in 2015
<b>“2015 Convertible Loan Note Instrument”</b>	the convertible loan note instrument dated 28 August 2015 and executed by the Company constituting the 2015 Convertible Loan Notes
<b>“2015 Greenstone Placing”</b>	the issue by the Company of the 2015 Convertible Loan Notes to Greenstone pursuant to the 2015 Investment Agreement
<b>“2015 Open Offer”</b>	the conditionally underwritten open offer carried out by the Company in 2015 of up to 900,677,910 Existing Ordinary Shares to eligible shareholders at a price of 0.2 pence per Existing Ordinary Share
<b>“2015 Placing”</b>	the placing of Existing Ordinary Shares not taken up under the 2015 Open Offer at a price of 0.2 pence per Existing Ordinary Share
<b>“2015 Investment Agreement”</b>	the subscription agreement entered into between the Company and Greenstone on 10 August 2015 relating to the 2015 Greenstone Placing
<b>“Admission”</b>	the admission of the New Ordinary Shares, the Open Offer Shares, the Placing Shares and/or the New Greenstone Shares (as the context may require) to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“Affiliate”</b>	has the meaning provided in the Code (and <b>“Affiliated”</b> and <b>“Affiliates”</b> shall be construed accordingly)
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies as issued by the London Stock Exchange from time to time governing, <i>inter alia</i> , the admission of securities to AIM
<b>“Amended Articles”</b>	the articles of association of the Company as amended following the passing of Resolution 3 at the General Meeting, further details of which are set out in Part I, paragraph 13 of this Circular
<b>“Applicable Interest”</b>	the applicable percentage interest of the Significant Shareholder Group in Shares is calculated by taking the total number of all voting rights in the Company held by the Significant Shareholder Group (on a fully-diluted basis), including pursuant to Equity Securities, including the rights (whether or not conditional) to convert the Loan Notes into ordinary shares of £0.002 each in the capital of the Company, and dividing it by the total number of voting rights in the Company held by Shareholders (on a non-fully-diluted basis)
<b>“Applicable Securities Laws”</b>	has the meaning given to that term in paragraph 5 of Part II of this Circular

<b>“Application Form”</b>	the application form which accompanies this Circular on which Eligible non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
<b>“Articles”</b>	the articles of association of the Company, in force from time to time
<b>“ASIC”</b>	Australian Securities and Investments Commission
<b>“Associate of the Significant Shareholder Group”</b>	means (i) the directors and officers of any member of the Significant Shareholder Group and (ii) any third party that has purchased shares in the Company at the direction of any member of the Significant Shareholder Group
<b>“Board” or “Directors”</b>	the board of directors of the Company, whose names are set out on page 13 of Part I of this Circular
<b>“Business Day”</b>	any day (excluding Saturdays, Sundays and public holidays) on which banks are open in the City of London for the conduct of normal banking business
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited
<b>“certificated” or “certificated form”</b>	not in uncertificated form
<b>“Circular”</b>	this Circular including all attachments and enclosed papers
<b>“Code”</b>	the UK Takeover Code on Takeovers and Mergers
<b>“Company”</b>	North River Resources PLC, a company incorporated in England and Wales with registered number 5875525, whose registered office is, at the date of this Circular, at One America Square, Crosswall, London, EC3N 2SG
<b>“Conversion Price”</b>	has the meaning given to that term in paragraph 3(a) of Part III of this Circular
<b>“Conversion Requirement”</b>	has the meaning given to that term in paragraph 3(c) of Part III of this Circular
<b>“Corporations Act”</b>	Australian Corporations Act 2001 (Cth)
<b>“CREST”</b>	the relevant system for the paperless settlement of trades and the holding of uncertificated securities (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
<b>“DFS”</b>	means the definitive feasibility study carried out in relation to the Project
<b>“Deferred Shares”</b>	the new deferred shares of 0.0008 pence each in the Company arising from the Share Capital Reorganisation and having the rights set out in the Amended Articles
<b>“Eligible CREST Shareholders”</b>	Eligible Shareholders holding Existing Ordinary Shares in uncertificated form
<b>“Eligible non-CREST Shareholders”</b>	Eligible Shareholders holding Existing Ordinary Shares in certificated form

<b>“Eligible Shareholders”</b>	Shareholders (excluding Greenstone) whose names appear on the register of members of the Company on the Open Offer Record Date as holders of Existing Ordinary Shares, and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this Circular and, where relevant, in the Application Form
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company comprising the New Ordinary Shares, the Open Offer Shares, the Placing Shares and the New Greenstone Shares
<b>“Equity Securities”</b>	has the meaning given to that term in the 2006 Act
<b>“Events of Default”</b>	has the meaning given to that term in Part III
<b>“Ex date”</b>	8.00 a.m. on 29 June 2016 in respect of the entitlements of Eligible Shareholders under the Open Offer
<b>“Excess Application Facility”</b>	the arrangement pursuant to which Eligible Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
<b>“Excess CREST Open Offer Entitlements”</b>	in respect of each Eligible CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility which is conditional on him/her taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular
<b>“Excess Open Offer Entitlement”</b>	an entitlement for each Eligible Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him/her taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular
<b>“Excess Shares”</b>	New Ordinary Shares in addition to the Open Offer Entitlement for which Eligible Shareholders may apply under the Excess Application Facility
<b>“Exchange Information”</b>	has the meaning given to that term in paragraph 5 of Part II of this Circular
<b>“Existing Articles”</b>	the articles of association of the Company as at the date of this Circular
<b>“Existing Greenstone Shares”</b>	the 659,507,644 Existing Ordinary Shares held by Greenstone as at the date of this Circular
<b>“Existing Ordinary Shares”</b>	the 2,199,091,843 ordinary shares in issue at the date of this Circular, each with a nominal value of 0.2 pence each in the capital of the Company
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Financing Proposals”</b>	the Open Offer, the Placing, the grant of conversion rights in respect of the Loan Notes, the Waiver, the Share Capital Reorganisation and the authority to issue Equity Securities, generally and free from statutory pre-emption rights pursuant to Resolutions 3 and 6
<b>“Form of Proxy”</b>	as included in the notice of General Meeting being Part VI of this Circular

<b>“Fractional Shareholders”</b>	has the meaning ascribed to that expression in Part I, paragraph 13 of this Circular
<b>“French Regulations”</b>	the rules and regulations ( <i>réglement general</i> ) of the Autorité des Marchés Financiers implementing Directive 2003/71/EC
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Exchange Rate”</b>	means the rate of £1.00:US\$1.34 being the agreed upon exchange rate from £ to US\$
<b>“GFSC”</b>	Guernsey Financial Services Commission
<b>“General Meeting”</b>	has the meaning given to that term in paragraph 1 of Part I
<b>“GML”</b>	Greenstone Management Limited
<b>“General Meeting Record Date”</b>	the record date for the General Meeting, being 5.00 p.m. on 27 June 2016 (or such other time and date as the Directors may determine)
<b>“Greenstone”</b>	Greenstone Resources L.P. (No:1911) a limited partnership registered in Guernsey and whose registered office is at 1st Floor Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX, Channel Islands
<b>“Greenstone Placing”</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular
<b>“Greenstone Shares”</b>	the Existing Greenstone Shares and the New Greenstone Shares
<b>“GRL”</b>	has the meaning given to that term in Part V of this Circular
<b>“Group”</b>	the Company and its subsidiaries as at the date of this Circular
<b>“GRUK”</b>	has the meaning given to that term in Part V of this Circular
<b>“Independent Directors”</b>	James Beams, Rodney Beddows, Mark Thompson, Keith Marshall and Ken Sangster
<b>“Independent Shareholders”</b>	means Shareholders other than Greenstone
<b>“Indicated Mineral Resources”</b>	has the meaning given to that term in the 2012 Edition of the JORC Code prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
<b>“Inferred Mineral Resources”</b>	has the meaning given to that term in the 2012 Edition of the JORC Code prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
<b>“Issue Price”</b>	means 23.75 pence per Open Offer Share or Placing Share (as the case may be) (on a post Share Capital Reorganisation basis) (equivalent to 0.095 pence per Existing Ordinary Share pre the Share Capital Reorganisation)
<b>“Issued Share Capital”</b>	the issued share capital of the Company from time to time, being 2,199,091,843 Existing Ordinary Shares as at the date of this Circular

<b>“Loan Note Instrument”</b>	means the loan note instrument dated 28 June 2016 and executed by the Company constituting the Loan Notes
<b>“Loan Notes”</b>	has the meaning given to that term in paragraph 5 of Part I of this Circular
<b>“London Stock Exchange”</b>	London Stock Exchange Plc
<b>“Mandatory Offer”</b>	<p>means the requirement under Rule 9 of the Code which provides that where:</p> <ul style="list-style-type: none"> <li>(i) any person acquires an interest in shares (as defined in the Code) which, when taken together with shares in which he or persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Code; or</li> <li>(ii) any person who, together with persons acting in concert with him, is interested in not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company subject to the Code and such person, or persons acting in concert with him, acquires further interests in shares which increase his percentage of the voting rights,</li> </ul> <p>such persons are normally obliged to make a general offer to all the remaining shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months</p>
<b>“Maturity Date”</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) where the Resolutions are approved without amendment, 2 August 2016, being 15 days following the date of the General Meeting; or</li> <li>(b) where the Resolutions are not approved, 1 September 2016, being 45 days following the date of the General Meeting.</li> </ul>
<b>“Minerals Act”</b>	means the Namibian Minerals (Prospecting & Mining) Act No. 33 of 1992
<b>“Mining Licence”</b>	means NLZM’s pending mining licence no. 185 in relation to the Namib Project, for base, rare and precious metals and in respect of which the Ministry has issued, and NLZM has accepted, the Notice of Preparedness to Grant a Mining Licence
<b>“Ministry”</b>	the Namibian Ministry of Mines & Energy
<b>“Minority Shareholder Protections”</b>	has the meaning given to that term in paragraph 12 of Part I of this Circular
<b>“ML Proposal”</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular
<b>“Namib Project”</b>	the Company’s Namib Lead & Zinc Project located in the Erongo Region, Namibia
<b>“NEEEF Bill”</b>	means the proposed draft National Equitable Economic Empowerment Bill, further details of which are set out in paragraph 2 of Part I

<b>“New Greenstone Shares”</b>	the New Ordinary Shares issuable to Greenstone on conversion in full of the Loan Notes pursuant to the Conversion Requirement
<b>“New Ordinary Shares”</b>	immediately following completion of the Share Capital Reorganisation, the new ordinary shares of 0.2 pence each in the capital of the Company arising on the subdivision, re-designation and consolidation of the Existing Ordinary Shares pursuant to the Share Capital Reorganisation
<b>“NLZM”</b>	the Company’s 100 per cent. held Namibian subsidiary, Namib Lead and Zinc (Pty) Ltd
<b>“Notice of Preparedness to Grant”</b>	means the formal notice of preparedness to grant the Mining Licence in terms of section 48(4) of the Minerals Act
<b>“Open Offer”</b>	the Open Offer of up to 8,683,254 Open Offer Shares at the Issue Price (equivalent to approximately 2,170,813,720 Existing Ordinary Shares pre the Share Capital Reorganisation)
<b>“Open Offer Entitlements”</b>	an Eligible Shareholder’s pro-rata entitlement to Open Offer Shares
<b>“Open Offer Record Date”</b>	5.00 p.m. on 27 June 2016 in respect of the entitlements of Eligible Shareholders under the Open Offer
<b>“Open Offer Shares”</b>	the New Ordinary Shares to be issued pursuant to the Open Offer, including any Excess Shares (including, where relevant, reference to such New Ordinary Shares by reference to the equivalent number of Existing Ordinary Shares pre the Share Capital Reorganisation)
<b>“Overseas Shareholder”</b>	a Shareholder who is resident in, or who is a citizen of, or who has a registered address in, a jurisdiction outside the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Phase One Funding Requirement”</b>	has the meaning given to that term in paragraph 2 of Part I
<b>“Phase Three Funding Requirement”</b>	has the meaning given to that term in paragraph 2 of Part I
<b>“Phase Two Funding Requirement”</b>	has the meaning given to that term in paragraph 2 of Part I
<b>“Placees”</b>	means the placees under the Placing
<b>“Placing”</b>	has the meaning given to that term in paragraph 1 of Part I of this Circular
<b>“Placing Shares”</b>	the New Ordinary Shares to be issued in connection with the Placing
<b>“Registrar” or “Receiving Agent”</b>	Capita Asset Services acting in its capacity as registrar pursuant to the terms of the agreement for the provision of registry services entered into between the Company and Capita Asset Services
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (S1 2001 No. 3755) as amended
<b>“Relationship Agreement”</b>	means the relationship agreement entered into between the Company and Greenstone and dated 28 June 2016, details on

	which are set out in paragraph 12 of Part I and paragraph 9.1.6 of Part V of this circular
<b>“Resolutions”</b>	the resolutions to be tabled at the General Meeting as more fully set out in Part VI of this Circular
<b>“Restricted Jurisdictions”</b>	means any jurisdiction other than the United Kingdom (excluding the Channel Islands), Australia, the Isle of Man, France, Switzerland or Portugal
<b>“Rule 9”</b>	Rule 9 of the Code
<b>“Securities Act”</b>	US Securities Act of 1933, as amended
<b>“Security”</b>	has the meaning given to that term in paragraph 5 of Part I
<b>“Shareholders”</b>	the holders of shares in the capital of the Company from time to time
<b>“Share Capital Reorganisation”</b>	has the meaning ascribed to that expression in Part I, paragraph 1 of this Circular
<b>“Share Capital Reorganisation Record Date”</b>	5.00 p.m. on 18 July 2016 (or such other time and date as the Directors may determine)
<b>“Share Capital Reorganisation Resolution”</b>	means Resolution 2
<b>“Significant Interest”</b>	means an interest in voting rights representing 20 per cent. or more of the rights to vote at a general meeting of the Company attaching to New Ordinary Shares
<b>“Significant Shareholder Group”</b>	has the meaning given to that term in paragraph 12(a) of Part I of this Circular
<b>“Strand Hanson”</b>	Strand Hanson Ltd, the Company’s nominated adviser for the purpose of the AIM Rules
<b>“Subdivided Share”</b>	has the meaning ascribed to that expression in Part I, Paragraph A, section 3 of this Circular
<b>“Subscription Agreement”</b>	means the loan note subscription agreement dated 28 June 2016 between the Company and Greenstone
<b>“Subsidiary”</b>	any company (or other entity) controlled, controlling or jointly controlled by the same person, directly or indirectly, where <b>“control”</b> means the ability to appoint directors (or persons performing similar functions) through the exercise of a majority of the voting rights (or similar rights)
<b>“Supplementary Terms &amp; Conditions”</b>	has the meaning given to that term in paragraph 2 of Part I of this Circular
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “uncertificated form”</b>	held in uncertificated form in CREST
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction



<b>“VWAP”</b>	has the meaning given to that term in paragraph 5 Part I of this Circular
<b>“Waiver”</b>	has the meaning given to that term in paragraph 1 Part I of this Circular
<b>“Whitewash Resolution”</b>	has the meaning given to that term in paragraph 1 Part I of this Circular
<b>“Work Programme”</b>	the work programme agreed between the Company and Greenstone
<b>“£”</b>	pounds sterling, the lawful currency of the UK from time to time
<b>“US\$”</b>	US dollars, the lawful currency of the United States from time to time

## PART I

### LETTER FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

# NORTH RIVER RESOURCES PLC

(Incorporated and registered in England and Wales with registered number 5875525)

#### Directors

Rodney Beddows (*Independent Non-Executive Chairman*)  
James Beams (*Chief Executive Officer*)  
Keith Marshall (*Independent Non-Executive Director*)  
Kenneth Sangster (*Independent Non-Executive Director*)  
Mark Sawyer (*Non-Executive Director*)  
Mark Thompson (*Independent Non-Executive Director*)

#### Registered Office:

One America Square  
Crosswall  
London  
EC3N 2SG

28 June 2016

Dear Shareholders

**Share Capital Reorganisation**  
**Financing Proposals for Open Offer and Placing of up to 12,317,359 Open Offer Shares and**  
**Placing Shares at 23.75 pence per share**  
**Grant of conversion rights in respect of Loan Notes**  
**Waiver of Rule 9 of the Code**  
**Authorisation to issue Equity Securities**  
**and**  
**Notice of General Meeting**

#### 1. Introduction

The Company announced today that it has raised conditionally \$5.6 million through the issue of new secured, conditionally convertible loan notes (the "**Loan Notes**") to Greenstone Resources LP, further details of which are set out in paragraph 5 of this Part I. The funds raised will be used, in conjunction with the Company's existing cash resources, to repay the 2015 Convertible Loan Notes issued to Greenstone in 2015 pursuant to the terms of the 2015 Convertible Loan Note Instrument and 2015 Investment Agreement and to provide working capital for, *inter alia*, the Company's short term Work Programme and ongoing planning for commencing outstanding pre-construction work streams.

The Company also announced today Financing Proposals to issue new shares in the Company to enable it to redeem the Loan Notes in full, subject to Shareholder approval. The Company proposes to redeem the Loan Notes as to 30 per cent. through conversion of such Loan Notes into New Greenstone Shares and as to 70 per cent. from the proceeds of an open offer to all Eligible Shareholders (other than Greenstone) (the "**Open Offer**") and a placing of Placing Shares with existing and new shareholders (the "**Placing**"). To the extent that the Open Offer and the Placing do not raise sufficient funds to repay 70 per cent. of the Loan Notes not already converted or repaid, it is proposed that the remaining Loan Notes will also be converted in to New Greenstone Shares at the Conversion Price.

On completion of these Financing Proposals, the Company will have net additional working capital of approximately US\$2.5 million (before expenses). The Board believes the Namib Project continues to be the best option to create value for all Shareholders. Subject to approval of all Resolutions, the Company will be substantially debt free and fully funded to meet its Phase One Funding Requirement as set out below.

On completion of the Financing Proposals, if approved by Shareholders, Greenstone will be interested in a minimum of 29.997 per cent. of the Enlarged Share Capital and a maximum of 76.67 per cent. of the Enlarged Share Capital. Ordinarily, the acquisition of an interest in 30 per cent. or more of the voting rights in the Company's shares would require Greenstone to make a mandatory bid under Rule 9 of the Code. Accordingly, the Board is seeking, *inter alia*, the approval of the Shareholders other than Greenstone (the

“**Independent Shareholders**”) of a waiver by the Panel of Rule 9 of the Code (the “**Waiver**”) which the Panel has agreed with the Company to grant, subject to the passing of the ordinary resolution proposed as Resolution 4 (as set out in the attached notice of general meeting) (the “**Whitewash Resolution**”) by the Independent Shareholders at a general meeting of the Company, of any obligation on the part of Greenstone, to make a general offer to Shareholders under Rule 9 of the Code which otherwise might arise upon any conversion of the Loan Notes.

Greenstone’s subscription for \$5.6 million of Loan Notes provides the Company with certainty of funding from today, without which it would need to commence drastic measures to reduce spending and more than likely enter into an insolvency process, which would almost certainly lead to the loss of control over the Company’s principal asset, being the Namib Project. The Loan Notes subscription and the Financing Proposals are the only terms on which Greenstone is willing to finance the Company at this stage and, whether or not the elements of the Financing Proposals which are subject to Shareholder approval (the subject of this document) are approved, the Loan Notes subscription and the Financing Proposals secure the Company’s immediate financial position and provide a structure in which all Shareholders are able to participate and to retain an interest in the Company.

As the proposed Issue Price of the Open Offer and the Placing (being equivalent to 0.095 pence on a pre Share Capital Reorganisation basis) is below the nominal value of the Existing Ordinary Shares (being 0.2 pence per Existing Ordinary Share) which would not be permitted under the Companies Act, the Company intends, subject to Shareholder approval, to re-organise its share capital to enable the Financing Proposals to proceed. Shareholder approval is therefore also being sought for a sub-division, re-designation and consolidation of the Existing Ordinary Shares in order to permit the Company to raise capital through the issue of additional equity (the “**Share Capital Reorganisation**”). The Share Capital Reorganisation will also have the effect of reducing the number of ordinary shares in issue. The Directors believe that this will result in a market share price that will be at a more appropriate level for the Company as well as reducing the share price volatility.

The Company is therefore convening a general meeting, to be held at the offices of Shakespeare Martineau LLP, 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR at 2.00 p.m. on 18 July 2016, to approve the necessary resolutions to allow the Financing Proposals to proceed (the “**General Meeting**”). Further details of the General Meeting and Resolutions to be put forward thereat are set out in Part I of this Circular. Formal notice of the General Meeting is set out at the end of this Circular.

The purpose of this Circular is to set out the background to and reasons for:

- (a) the Open Offer and Placing, the Greenstone Placing and the Waiver of Rule 9 of the Code, as more fully detailed in paragraphs 3, 5, 6 and 7 of this Part I; and
- (b) the Share Capital Reorganisation, as detailed in paragraph 13 of this Part I; and
- (c) the authorisation of the Board to issue Equity Securities, generally and free from statutory pre-emption rights pursuant to Resolutions 3 and 6.

This Circular is important and should be read in its entirety.

**Shareholders should note that, if any of the Resolutions set out in the notice of General Meeting of the Company dated 28 June 2016 are not passed, none of the Financing Proposals will proceed. In that event, absent any other fundraising by the Company, it is highly likely that the Company would be unable to repay the Loan Notes before the final Maturity Date and would therefore be in default of the terms of the Loan Notes.**

**In such circumstances, Greenstone would not be able to convert the Loan Notes into New Greenstone Shares but would have the right to enforce the Security over the Group’s principal asset, NLZM, the operating subsidiary which owns and operates the Namib Project. Greenstone has indicated that, in the event of such a default, it would be its intention to exercise its rights in relation to the Security. This would leave the Group in a highly uncertain financial position and in all likelihood it would result in the Group companies ceasing to trade, insolvency and, ultimately, the liquidation of the Group resulting in Shareholders losing their investment in the Company.**

**The Independent Directors, having considered the likely alternative sources of capital, believe that it is highly unlikely that alternative funding could be secured either now or, in the event that**

**Shareholders do not approve the Resolutions, before the final Maturity Date. The Company, having exhausted all other potential avenues for new financing, has, to date, not identified new sources of financing, in what continues to be a challenging market environment for pre-construction mining projects such as the Namib Project. As such, it is critical that Shareholders vote in favour of the Resolutions at the General Meeting so that the Financing Proposals can proceed and the Group can continue trading.**

## **2. Current trading and prospects**

The Company submitted an application for a Mining Licence for the Namib Project in April 2014 while working through the final phase of the DFS, which was announced in November 2014. The results of the DFS, in combination with a detailed Board-level review, identified key additional studies on the mine development plan and mining process flow sheet that would be required ahead of the Company being in a position to take an investment decision on the Namib Project. The Company advanced these studies during the first half of 2015, announcing the results of the metallurgical test work programme on 22 July 2015.

Over the same period, the Company has also continued to focus on exploration drilling at the Namib Project following the last Mineral Resource Estimate of August 2014. A drilling programme totalling 4,828 metres and 66 holes was completed in the period to November 2015. Of these, 52 per cent. (34 holes) had significant intercepts. The programme focussed primarily on targeting both new extensions of known mineralised shoots, as well as infill drilling to potentially convert Inferred Mineral Resources into the Indicated Mineral Resource category, mainly in the top half of the North orebody, and also below the historic South mine where the majority of the current Inferred Mineral Resources lie.

Building on this, a follow-on 3,800 metre drill programme is currently underway to test extensions at depth below the current North orebody resource, together with further infill and extension drilling in the Southern resource. Early assay results, as announced on 12 February, 21 March and 26 April 2016, indicate the continuation of mineralisation 80 metres below the existing Northern part of the orebody, providing greater confidence that this drilling campaign could, in due course, result in an increased resource estimate supporting a longer mine life.

To access sufficient underground drilling locations, a 300 metre drive underneath the existing North resource has been developed (the **"5 Level Drive"**). The 5 Level Drive was successfully completed in March 2016. As the mine moves into an operational phase, the development drive will be incorporated into the mine plan as an access road.

Following receipt of funds from the issue of the Loan Notes (the **"Greenstone Placing"**), the Company expects to be in a position to continue in the first instance with the on-going drilling programme and conclude discussions with the Ministry of Mines and Energy in Namibia (the **"Ministry"**) on the terms and conditions for the final grant of the Mining Licence.

The Company is cognisant that the above constitutes a further revised timeline to project development of the Namib Project. The discussions with the Ministry on the award of the Mining Licence have further delayed the originally scheduled commencement of construction of the Namib Project.

As regards the Mining Licence, the Company received a Notice of Preparedness to Grant the Mining Licence from the Ministry on 29 January 2016, which the Company formally accepted on 26 February 2016.

The Notice of Preparedness to Grant the Mining Licence contained a number of supplementary terms and conditions (the **"Supplementary Terms & Conditions"**) relating to matters including, *inter alia*, the work programme, production, environment and Namibian participation in the Namib Project that will apply to the Mining Licence. In conjunction with assessing the Supplementary Terms & Conditions attaching to the Mining Licence, the Company also continues to examine the implications of the Government of Namibia's proposed introduction of broad based empowerment legislation. A draft NEEEF Bill has been published for a period of public consultation and can be found on the website of the Office of the Prime Minister of Namibia ([www.opm.gov.na/web/opm/neeef-bill](http://www.opm.gov.na/web/opm/neeef-bill)). If enacted, the NEEEF Bill will set out obligations for companies, irrespective of sector, in respect of, *inter alia*, ownership and management participation by previously disadvantaged Namibians. Certain obligations under the draft NEEEF Bill are inconsistent with those laid down under the Supplementary Terms & Conditions to the Notice of Preparedness to Grant the Mining Licence. The extent to which the NEEEF Bill would place additional obligations on the Namib Project and

the timeframe for finalising and enacting the NEEEF Bill is not clear at this stage. It is an area on which the Company and Namibian mining industry as a whole will need further clarity in due course. Simultaneously with acceptance of the Supplementary Terms & Conditions, NLZM requested the Ministry to clarify a number of these matters. To date, no response has been received from the Ministry.

On 25 April 2016, the Company submitted a formal proposal to the Ministry on the Company's structure and composition to address the Government of Namibia's objectives of poverty eradication by: (i) providing an opportunity for local ownership of the Namib Project; (ii) participation by historically disadvantaged Namibians in the management of the Namib Project; and (iii) implementing a corporate social responsibility strategy ("**ML Proposal**"). The pending ML Proposal sets out a broad based local ownership structure that NLZM believes fully addresses the objectives sought under NEEEF and the Ministry's Supplementary Terms and Conditions. The Notice of Preparedness to Grant the Mining Licence makes provision for further engagement between the Ministry and the Company to seek agreement on the final Supplementary Term & Conditions to be attached to the issue of the Mining Licence.

On 2 June 2016, the Ministry informed NLZM that it is still reviewing the ML Proposal and that it shall respond to NLZM within 30 days, being on or before 2 July 2016. The Company looks forward to continuing to work with the Ministry on the Mining Licence application and remains confident that the application process will be concluded and the Mining Licence granted. The duration and outcome of these discussions, on the ML Proposal to be agreed under the Supplementary Terms & Conditions, however, remain uncertain and the final issue of the Mining Licence on commercially acceptable terms cannot be guaranteed.

In light of the above, the Company has devised a revised funding strategy for the Namib Project. Subject to timing of a project construction decision and completion of an updated definitive capital requirement estimate, the Company estimates a total funding requirement of approximately US\$30 million through to expected project commissioning of the Namib Project. It is the Company's intention that this financing will be structured in three phases:

- (a) a phase one funding requirement of US\$2.5 million of net new working capital (after repayment of the 2015 Convertible Loan Notes) to cover the short term Work Programme, including securing the Mining Licence and continuing with the resource expansion drilling programme (the "**Phase One Funding Requirement**");
- (b) a phase two funding requirement of an estimated US\$2.5 million, subject to formal grant and issue of the Mining Licence by the Namibian authorities, to complete the remaining pre-construction work streams, including front end engineering and design, final mine planning and early development, operational readiness, defining an updated capital requirement for the construction of the Namib Project and project financing, (the "**Phase Two Funding Requirement**"); and
- (c) a phase three funding requirement, being the capital requirement required for construction of the Namib Project, which will flow from, and be defined on completion of, the pre-construction work streams covered by the Phase Two Funding Requirement and which is indicatively estimated as being an amount of US\$25 million (which remains broadly in line with the DFS) (the "**Phase Three Funding Requirement**").

Prior to the issue of the Loan Notes, the Company's had cash resources of approximately US\$0.3 million (£0.21 million), and would have needed to consider reducing operational expenditure drastically in the short term had further funding not been secured. The Financing Proposals set out in this Circular enable the Company to continue to develop the Namib Project whilst the Mining Licence application process continues. Without further funding, the Company would have had to cease drilling and reduce operational costs to the barest minimum, and would have faced significant difficulties and/or delays therefore in completing the Mining Licence process and progressing towards production.

### **3. Background to and reasons for the Financing Proposals**

From September to October 2015, the Company carried out an open offer and placing to eligible Shareholders, and issued the 2015 Convertible Loan Notes to Greenstone raising, in aggregate, a total amount (before expenses) of US\$4 million. This was anticipated as being sufficient to provide working capital to enable ongoing development of the Namib Project through to the point at which a decision could be taken to commence construction of the mine (subject to the assumption that the Mining Licence would be received by 31 October 2015).

The Mining Licence was not received by 31 October 2015 and, although considerable progress has been made, as at the date of this Circular, the Mining Licence has still not been granted given the new process and timetable provided for under the Supplementary Terms & Conditions. As announced on 1 February 2016, the Company received a Notice of Preparedness to Grant the Mining Licence, which the Company formally accepted on 26 February 2016, having raised certain queries with the Ministry regarding the Supplementary Terms & Conditions which will attach to the Mining Licence. On 25 April 2016, the Company's 100 per cent. held subsidiary, NLZM, submitted the ML Proposal following which the Ministry had 30 days to propose amendments, if any, to the ML Proposal which the Ministry believes would enable NLZM to support the Namibian Government's objectives for broad based empowerment and poverty eradication.

As at the date of the issue of the Circular, the Group still awaits a formal response from the Ministry on the ML Proposal of 25 April 2016 and to queries raised by the Company in February 2016 on the Supplemental Terms & Conditions. On 2 June 2016, the Ministry informed NLZM that it is still reviewing the ML Proposal and that it shall respond to NLZM within 30 days being on or before 2 July 2016.

Should NLZM be dissatisfied with the Ministry's counter-proposal to the ML Proposal it will have an additional 30 days within which to make written representations to the Ministry, upon consideration of which the Ministry shall notify NLZM of the final terms and conditions upon which the Ministry is prepared to grant the Mining Licence.

Although the funds raised in September 2015 were intended to fund the Company through the award of the Mining Licence, the time required to reach that stage has been much longer than anticipated. Accordingly, in addition to the operational focus outlined above, the Company has undertaken a process of reviewing and reducing costs both at an operational and a corporate level in order to make the best use of Shareholders' funds.

Immediately prior to the issue of the Loan Notes, Company required additional funding in order to cover the short term working capital required to continue, in the first instance, with the resource expansion drilling programme currently underway and support ongoing efforts to secure the Mining Licence. The Greenstone Placing will enable the Company to redeem in full the 2015 Convertible Loan Notes (which bear interest at the rate of 10 per cent. per annum) and will provide \$2.5 million of new working capital (before expenses).

The Financing Proposals have been structured to minimise dilution for existing Shareholders and to allow existing Shareholders, and potentially new investors, to participate in the equity of the Company. However, if the Financing Proposals are approved by Shareholders and there is no take up from existing or new investors, Greenstone will be, in effect, the sole source of funding of the \$2.5 million of new working capital. While the Company continues in its efforts to identify new investors in the Company, Greenstone remains a supportive cornerstone strategic investor for the Company and is willing to provide this level of additional financial support in return for certain undertakings, including the granting of security over the Group's principal assets and, subject to Shareholder approval, the right to convert the Loan Notes into equity. On completion of the Financing Proposals, Greenstone's interest in the Enlarged Share Capital could be as high as 76.67 per cent., but, in that scenario, the Company would be substantially debt free and fully funded to meet its Phase One Funding Requirement.

Accordingly, the Company and Greenstone have concluded the Subscription Agreement, the Loan Note Instrument and the Relationship Agreement, setting out, *inter alia*, an agreed Work Programme and use of proceeds and certain measures to protect the interests of minority shareholders, details of which are set out throughout this letter and specifically in sections Part III and paragraph 12 of this Part I (respectively).

The Financing Proposals will also provide a degree of flexibility to re-commence planning and implementation of Project work streams for the Namib Project currently on hold pending further clarification on the timing and final conditions of the Mining Licence and the proposed introduction of empowerment legislation in Namibia. Further working capital funding will be required at a future date, following issue of the Mining Licence, to fully fund the various work streams required to take the Namib Project through to an investment decision.

The Directors believe that the Financing Proposals will allow the Company both to continue advancement of the Namib Project towards a construction decision and to meet immediate working capital requirements. The Board believes that the development of the Namib Project is the best strategy to unlock value for all Shareholders.

Greenstone currently holds 29.99 per cent. of the Issued Share Capital of the Company. Greenstone has committed to providing the required short-term funding in order to keep the Company as a going concern, by subscribing for the Loan Notes. However, without the Whitewash Resolution being approved, Greenstone would not be able to convert those Loan Notes (assuming conversion of the same is approved at the General Meeting) without triggering the requirement to make a Mandatory Offer. Greenstone does not wish to make a Mandatory Offer.

Assuming no Event of Default (as defined) has occurred, the Loan Notes bear interest at a rate of 10 per cent. per annum. Conversion of such Loan Notes into New Greenstone Shares would remove the interest charges and leave the Company substantially debt free. If the Resolutions are not approved, the interest rate attaching to the Loan Notes will increase from 10 per cent. per annum to 20 per cent. per annum and an Event of Default will be triggered if the Loan Notes are not repaid when due for repayment on or before 1 September 2016. Any failure to repay the Loan Notes on the relevant Maturity Date, unless extended pursuant to the Loan Note Instrument, will give rise to a right for Greenstone to enforce the Security and take ownership of the Namib Project through the Company's 100 per cent. Namibian subsidiary, NLZM.

**Shareholders should note that, if any of the Resolutions set out in the notice of General Meeting of the Company dated 28 June 2016 are not passed, none of the Financing Proposals will proceed. In that event, absent any other fundraising by the Company, it is highly likely that the Company would be unable to repay the Loan Notes before the final Maturity Date and would therefore be in default of the terms of the Loan Notes.**

**In such circumstances, Greenstone would not be able to convert the Loan Notes into New Greenstone Shares but would have the right to enforce the Security over the Group's principal asset, NLZM, the operating subsidiary which owns and operates the Namib Project. Greenstone has indicated that, in the event of such a default, it would be its intention to exercise its rights in relation to the Security. This would leave the Group in a highly uncertain financial position and in all likelihood it would result in the Group companies ceasing to trade, insolvency and, ultimately, the liquidation of the Group resulting in Shareholders losing their investment in the Company.**

**The Independent Directors, having considered the likely alternative sources of capital, believe that it is highly unlikely that alternative funding could be secured either now or, in the event that Shareholders do not approve the Resolutions, before the final Maturity Date. The Company, having exhausted all other potential avenues for new financing, has, to date, not identified new sources of financing, in what continues to be a challenging market environment for pre-construction mining projects such as the Namib Project. As such, it is critical that Shareholders vote in favour of the Resolutions at the General Meeting so that the Financing Proposals can proceed and the Group can continue trading.**

#### **4. Use of Proceeds**

As agreed between the Company and Greenstone pursuant to the Subscription Agreement, the proceeds of the Greenstone Placing will be used to:

- (a) to repay amounts owing by the Company to Greenstone in respect of the 2015 Convertible Loan Notes;
- (b) to meet the Phase One Funding Requirements under the Work Programme. This includes, *inter alia*, short term working capital requirements including (i) the resource expansion drilling currently underway, (ii) securing the Mining Licence and (iii) preparing to build the core project team for the Namib Project in order to commence with outstanding pre-construction work streams; and
- (c) cover general corporate overheads and costs associated with fundraising, including the costs related to the Financing Proposals and the Greenstone Placing.

The proceeds of the Open Offer and the Placing will be used to repay up to 70 per cent. of the Loan Notes as described in the introduction to this Part I.

The Board will only be able to take a decision to commence construction once the Mining Licence has been granted, appropriate financing to cover the costs of construction (by way of the Phase Three Funding Requirement) has been agreed and subject to an assessment of the economics of the Namib Project at the time.

While the Company believes that the balance of US\$2.5 million proposed to be raised pursuant to the Open Offer, the Placing and the Greenstone Placing (following repayment of the 2015 Convertible Loan Notes from the total amount of US\$5.6 million raised under the Greenstone Placing) will be sufficient to meet the Phase One Funding Requirement, additional funding will be required for the Phase Two Funding Requirement and Phase Three Funding Requirement. In addition, the Work Programme could be revised to adapt to circumstances as the ongoing ML Proposal discussions unfold, and it is likely that further working capital will be required if there are significant further delays in the issuance of the Mining Licence. The Company is therefore seeking, additional authority as part of and pursuant to Resolutions 3 and 6 to raise further equity of up to a further US\$2.5 million for working capital purposes free from statutory pre-emption rights.

During the past 6 months, the Company has continued to engage with multiple parties to potentially include a debt component into overall financing package for the Namib Project's Phase Three Funding Requirement at the point of an investment decision. It is clear that the availability of debt for the sector has become tougher to obtain due to generally weak commodity prices, even for commodities with positive fundamentals such as zinc and lead, and uncertainty regarding the potential statutory requirements of the proposed draft NEEEF Bill. The Company is conscious that there is no guarantee that debt finance will be available at the relevant time and as such is aware of the need to make the necessary provisions for this in its financing strategy.

## **5. Information on the Greenstone Placing and the Financing Proposals**

### ***Issue of Loan Notes***

Greenstone has agreed conditionally to subscribe for a total amount of US\$5.6 million Loan Notes, which shall carry interest at an initial rate of 10 per cent. per annum (rising to 20 per cent. per annum if the Resolutions are not approved) and shall be repayable on the relevant Maturity Date, on, and subject to, the terms of the Subscription Agreement and Loan Note Instrument. Approximately US\$3.1 million of the US\$5.6 million will be used to fully repay and cancel the 2015 Convertible Loan Notes. The remainder of the funding will, as detailed above, be used to continue advancement of the Namib Project towards a construction decision and to meet immediate working capital requirements.

Greenstone's subscription is binding and settlement is due no later than 15 July 2016, being prior to the General Meeting, subject only to there being no change in relation to any member of the Group which is, or could reasonably be expected to be, material and adverse to the business, operations, financial condition or assets and liabilities of any member of the Group (save for certain carve outs, including where such material adverse change results from changes to global mining industry wide conditions or financial market conditions). In the event that Greenstone's subscription does not complete as a result of such material adverse change, the Financing Proposals will not proceed. Further information regarding the Subscription Agreement and Loan Note Instrument are set out below in Part III of this Circular.

The Loan Note Instrument contains a number of Events of Default, as more fully detailed in Part III of this Circular, and is secured by a pledge and cession in security over 100 per cent. of the issued share capital of NLZM, which owns the Namib Project and the Company's outstanding loan claims against NLZM (such pledge and cession in security is referred to as the "**Security**").

At the Maturity Date, the Company shall have the right to repay up to 70 per cent. of the Loan Notes, in which case (assuming all Resolutions are approved) the remaining 30 per cent. of the Loan Notes would be converted into New Greenstone Shares pursuant to the Conversion Requirement and Greenstone would hold approximately 29.997 per cent. of the Enlarged Share Capital.

As noted above, if there is no take up from existing or new investors under the Open Offer or Placing, and assuming all Resolutions are approved, all of the Loan Notes would be converted into New Greenstone Shares pursuant to the Conversion Requirement, and Greenstone would hold approximately 76.67 per cent. of the Enlarged Share Capital.

As noted in paragraph 1, the Company and Greenstone are therefore seeking the Waiver and approval of the Whitewash Resolution, so as to enable Greenstone, on conversion of the Loan Notes (assuming that the Resolutions giving the directors the authority to allot the New Greenstone Shares on a non-pre-emptive basis are approved at the General Meeting) to increase its interest in the share capital of the Company to



more than 30 per cent. of the voting rights of the New Ordinary Shares and any issued Open Offer Shares and Placing Shares without being required to make a Mandatory Offer for the Company.

### **Equity Fundraising**

The Company proposes to raise further capital by way of an issue of Open Offer Shares and Placing Shares, comprising the Open Offer and the Placing.

The Board is grateful for the continued support received from Shareholders and is now pleased to offer all Eligible Shareholders the opportunity, subject to approval of the Resolutions, to subscribe, at the Issue Price, for an aggregate of 8,683,254 Open Offer Shares, raising gross proceeds of up to £2.06 million (approximately US\$2.76 million), being the maximum amount, when aggregated with amounts raised under the 2015 Open Offer, issuable under an open offer without incurring the additional expenses of publishing a prospectus. The Issue Price represents a discount of 13.6 per cent. to the 20 day volume weighted average price EV compliant (“**VWAP**”) on 24 June 2016, being the last practicable Business Day before the date of this Circular.

Eligible Shareholders are being given the opportunity to subscribe for their Open Offer Entitlements at the Issue Price payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

#### **1.41 Open Offer Shares for every 250 Existing Ordinary Shares held**

as calculated on the Open Offer Record Date. Open Offer Entitlements will be rounded down to the nearest whole number of New Ordinary Shares and fractional entitlements which would have otherwise arisen will not be issued. Note, in the event the Share Capital Reorganisation was not taking place, this would equate to 352.5 new shares for every 250 Existing Ordinary Shares held.

As stated above, Greenstone has committed to advancing the full US\$5.6 million required to meet the Phase One Funding Requirement pursuant to the Greenstone Placing and issue of the Loan Notes. Assuming the Open Offer and the Placing proceed to raise the full US\$3.92 million, in aggregate, from Eligible Shareholders and investors (respectively) other than Greenstone:

- (a) 70 per cent. of the Loan Notes will be repaid (and cancelled) on the initial Maturity Date, attracting no further interest; and
- (b) assuming all Resolutions are approved, the remaining 30 per cent. of the Loan Notes will be converted fully at the Issue Price such that Greenstone will hold approximately 29.997 per cent. of the Enlarged Issued Share Capital following the Open Offer and the Placing,

and no Loan Notes will be outstanding following such repayment and conversion.

In an aim to reduce the dilutive effects suffered by Eligible Shareholders as a consequence of the proposed 30 per cent. conversion by Greenstone of the Loan Notes following the close of the Open Offer and Placing, Greenstone has undertaken and agreed to be excluded from the Open Offer (and, in addition, has been deemed ineligible to participate in the Open Offer by virtue of the jurisdiction of its holding). Consequently, entitlements under the Open Offer are calculated excluding Greenstone's shareholding in order to try and reduce the dilutive effects of the Greenstone Placing and Placing, should each Eligible Shareholder take up his/her *pro rata* entitlements under the Open Offer in full.

Furthermore, Eligible Shareholders have the opportunity to apply for additional Open Offer Shares under the Excess Applications Facility (further details of the Excess Applications Facility are set out in paragraph 6 of this Part I and Part II of this Circular).

The Company intends to place any Open Offer Shares not taken up in the Open Offer together with a further 3,634,105 Placing Shares with institutional or other suitably qualified investors at the Issue Price, such that the Company will be able to repay up to 70 per cent. of the Loan Notes in full by the Maturity Date. However, there is no guarantee that all of the available shares will be placed and, if the Open Offer and Placing do not raise the full US\$3.92 million, in aggregate, the Company would not be in a position to fully repay the full 70 per cent. of the Loan Notes and, assuming the Waiver is obtained and all Resolutions are approved in full, the remaining balance of Loan Notes not repaid will be converted in full on the Maturity Date.

The terms of the Open Offer are described in paragraph 6 of Part I and Part II of this Circular. The terms of the Greenstone Placing are described in Part III of this Circular.

## **6. Principal terms of the Open Offer**

A total of approximately £2.06 million is being raised through the Open Offer pursuant to which up to 8,683,254 Open Offer Shares are being hereby offered at an issue price of 23.75 pence per share (on a post Share Capital Reorganisation basis) to Eligible Shareholders on the terms and conditions set out in this Circular and in the Application Form. The Issue Price represents a discount of approximately 5 per cent. to the closing mid-market price of 0.1 pence per Existing Ordinary Share on 24 June 2016, being the last practicable Business Day prior to the announcement of the Open Offer.

The Open Offer is only being made to Eligible Shareholders whose names appear on the register of members of the Company on the Open Offer Record Date as holders of Existing Ordinary Shares and who are resident in the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. Greenstone has undertaken not to participate in the Open Offer and will be excluded from the Open Offer. Each Eligible Shareholder's entitlement has been calculated on the basis of 1.41 Open Offer Shares for every 250 Existing Ordinary Shares, as calculated on the Open Offer Record Date. Note, in the event the Share Capital Reorganisation was not taking place, this would equate to 352.5 new shares for every 250 Existing Ordinary Shares held.

Eligible Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer and applications in excess of the Open Offer Entitlements will be dealt with under the Excess Application Facility. Once subscriptions under the Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Eligible Shareholders for Excess Shares under the Excess Application Facility will be met in full or in part or at all. To the extent that Excess Shares are not subscribed by existing Shareholders, Open Offer Entitlements will lapse.

Fractions of Open Offer Shares will not be allotted to Eligible Shareholders in the Open Offer and, where necessary, entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.

**The Board considers that an offer to existing Shareholders by way of a rights or other pre-emptive issue is not currently feasible due to the significant costs and delays that would be incurred through the production and approval of a prospectus having regard to the Company's funding needs. The Open Offer allows Eligible Shareholders the opportunity to participate in the fundraising at the Issue Price and, subject to the terms of the Excess Application Facility, increase their participation by subscribing for Excess Shares. The total number of Open Offer Shares available to Eligible Shareholders under the Open Offer is 8,683,254, which represent 100 per cent. of the total number of Open Offer Shares and 49 per cent. of the total number of New Ordinary Shares to be issued pursuant to the Open Offer, Placing and Greenstone Placing together.**

**The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Existing Shareholders with registered addresses in any jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, he/she should not seek to take up his/her allocation.**

Part II of this Circular, together with the accompanying Application Form, contains further terms and conditions of the Open Offer.

## 7. City Code on Takeovers and Mergers

The Greenstone Placing gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are described below.

The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company has its registered office in the United Kingdom, the Channel Islands or the Isle of Man and, *inter alia*, whose securities are admitted to trading on a multilateral trading facility in the United Kingdom (such as AIM). The Company is therefore subject to the Code.

Rule 9 of the Code requires that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Code) in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, will normally be required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with any persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him. An offer under Rule 9 of the Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Rule 9 of the Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires an interest in shares which carry additional voting rights, then they will not normally be required to make a general offer to the other shareholders to acquire their shares. However, the Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual interest to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent., an acquisition which increases his interest in shares carrying voting rights in that company.

Under the Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of an offer for a company, subject to the Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

In the event that the Resolutions are approved, and there is no take up by any Shareholders under the Open Offer and no Placing Shares are placed, Greenstone has the potential to increase its interest in shares carrying voting rights in the Company up to a maximum of 20,234,259 New Ordinary Shares representing 76.67 per cent. of the voting rights in the Enlarged Share Capital which, without a waiver of the obligations under Rule 9, would oblige Greenstone to make a general offer under Rule 9 in certain circumstances. However, if the Open Offer and the Placing raise sufficient funds to repay the full 70 per cent. of the Loan Notes, Greenstone will be limited to a 29.997 per cent. interest in the voting rights in the Enlarged Share Capital.

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Code, the Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the Code if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him pass an ordinary resolution on a poll at a general meeting approving such a waiver (a "Whitewash Resolution").

The Panel has agreed, subject to the Whitewash Resolution being passed on a poll by the Independent Shareholders at the General Meeting, to waive the obligation on Greenstone to make a general offer to Shareholders under Rule 9 of the Code, which would otherwise arise on conversion of the Loan Notes (in full or in part).

Neither Greenstone nor any party acting in concert with it has purchased an interest in any Existing Ordinary Shares (other than the Existing Greenstone Shares) preceding the date of this Circular, nor has any interest

other than the Existing Greenstone Shares. The Waiver, which the Panel has agreed to provide subject to the passing of the Whitewash Resolution, will be invalidated if any purchases of interests in Existing Ordinary Shares are made by Greenstone or any party acting in concert with it between the date of this Circular and the General Meeting. Greenstone has undertaken to the Company that it will not, and neither will any party acting in concert with it, during such period make any such purchases of interests in Existing Ordinary Shares.

Any increase in Greenstone's aggregate interest in shares carrying voting rights to between 30 per cent. and up to 50 per cent. of the voting rights arising other than from conversion of the Loan Notes will be subject to the provisions of Rule 9 of the Code.

In the event that, following Conversion of any Loan Notes not repaid by the Maturity Date, the Greenstone Shares which Greenstone would then be interested in together carry 30 per cent. or more of the voting rights in the Company but not more than 50 per cent. of the voting rights in the Company, neither Greenstone nor any party acting in concert with it could acquire an interest in any further shares carrying voting rights in the Company without being subject to the provisions of Rule 9 of the Code.

**In the event that, following Conversion of any Loan Notes not repaid by the Maturity Date, the Greenstone Shares which Greenstone would then be interested in carry 50 per cent. or more of the voting rights in the Company, it would be free (subject as set out below and in Note 4 to Rule 9.1 of the Code) to increase its aggregate interest in New Ordinary Shares carrying voting rights without any obligation to make a general offer for the Company under the provisions of Rule 9 of the Code.**

## **8. Independent advice**

Strand Hanson has provided advice to the Independent Directors in relation to the Waiver in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Code. This advice was provided by Strand Hanson to only the Independent Directors and, in providing such advice, Strand Hanson has taken into account the Independent Directors' commercial assessments as well as, but not limited to, the confirmations of the future intentions of Greenstone as described in paragraph 9 of this Part I.

## **9. Greenstone's Intentions**

Greenstone has confirmed that it does not currently intend, irrespective of whether or not it obtains any increase in its interest in shares carrying voting rights as a result of the Financing Proposals, to seek any change in the general nature and strategy of the Company's business, nor does it currently intend to take any action, other than as provided pursuant to its rights under the Relationship Agreement or as reasonably required in the ordinary course of the Company's business, to alter the management of the Company or the continued employment of its employees (including any material change in conditions of employment), employer contributions into the Company's pension schemes, the location of the Company's places of business, the maintenance of the Company's trading facilities of its shares or the deployment of the Company's fixed assets.

## **10. Information regarding Greenstone**

Greenstone was established in Guernsey, Channel Islands on 16 July 2013 and was registered with the Guernsey Financial Services Commission ("**GFSC**") as a closed ended investment fund on 8 August 2013. Greenstone was established with the purpose to pursue investments in post-exploration metals and mining projects (from pre-feasibility study through to production stages) in both developed and emerging markets. The size of the Greenstone fund is approximately US\$150 million and five (5) investments have been made to date. Greenstone's manager and general partner is Greenstone Management Limited ("**GML**"), a non-cellular Guernsey company limited by shares. GML's directors are Michael Haworth, Mark Sawyer, Sadie Morrison and Joanna Duquemin Nicolle. GML is licensed by the GFSC to carry out the activities of promotion, subscription, registration, dealing, management, administration and advising with registration number 2103131. Investment decisions relating to Greenstone are taken by GML.

Further information in relation to Greenstone is provided in Part V of this Circular.

## 11. Related Party Transaction

Greenstone is a related party of the Company for the purposes of the AIM Rules by virtue of its shareholding in the Company and Mark Sawyer (who is Greenstone's representative) being a non-executive director of the Company. In such circumstances, the Independent Directors are required by the AIM Rules, in consultation with Strand Hanson, the Company's nominated adviser under the AIM Rules, to consider the Financing Proposals and reach an opinion as to whether the terms of the proposed issue of Loan Notes and connected agreements are fair and reasonable insofar as Shareholders are concerned.

The Independent Directors have considered other sources of funding before entering into negotiations and ultimately reaching agreement with Greenstone. In general terms, raising debt or equity finance for pre-production mining ventures has become more difficult over recent years, as both debt and equity investors have increasingly turned away from the sector and commodity prices have remained weak. The Independent Directors have considered other alternative sources of funding, including bank debt and alternative private equity, and have concluded that such alternatives would neither be prudent without any mining revenue streams nor available to the Company, within the required timeframe, on terms more beneficial than those offered by Greenstone.

The Company has been successful in the past in raising small tranches of equity funding from investors other than Greenstone of around US\$1.0 million or less from equity investors. However, the Independent Directors believe that the Company's near term funding requirements are such that a larger raise is necessary to enable the repayment of the 2015 Convertible Loan Notes to render the Company substantially debt free and to provide ongoing working capital for the Namib Project's further development.

The Greenstone Placing:

- leaves the Company substantially debt free (subject to the Waiver and approval of all Resolutions) at a time when the timeline through to commencement of cash generative activities to support the service and repayment of debt is not clear, and secures US\$2.5 million working capital after repayment of the 2015 Convertible Loan Notes;
- provides certainty of funding for the Phase One Funding Requirement whatever the outcome of the Open Offer and Placing; and
- demonstrates the confidence that the Independent Directors and Greenstone have in the Namib Project, which the Independent Directors hope will encourage other investors to take up the US\$3.92 million to be offered in the Open Offer and Placing.

Accordingly, the Independent Directors consider, having consulted with Strand Hanson, that the terms of the Greenstone Placing are fair and reasonable insofar as Shareholders are concerned.

## 12. Relationship Agreement

Greenstone has agreed to be bound by the terms of the Relationship Agreement, as summarised in paragraph 9.1.6 of Part V of this Circular. The Relationship Agreement includes, *inter alia*, the following minority shareholder protections:

- (a) the Company shall carry on its business independently of Greenstone, Greenstone Management Limited and their respective Subsidiaries (the "**Significant Shareholder Group**") having regard to the interests of the Company's Shareholders as a whole, rather than for the benefit of any particular Shareholder or group of Shareholders;
- (b) the business and affairs of the Company shall, subject to the terms of the Relationship Agreement, be managed by the Board in accordance with the Articles and all applicable laws;
- (c) the Company shall comply with the AIM Rules;
- (d) the provisions of the Relationship Agreements shall be observed;
- (e) Greenstone shall use its voting rights at each annual general meeting of the Company to vote in favour of resolutions seeking to confer authority on the Board to issue Equity Securities generally and free of statutory pre-emption rights, during each calendar year, up to 5 per cent. of the then Issued Share Capital of the Company (unless a higher figure is agreed between Greenstone and the Company for the relevant calendar year);

- (f) Greenstone shall exercise its voting rights in respect of the Company and procure that the other members of the Significant Shareholder Group vote in such manner as may be required to ensure (in so far as it is reasonably able to do so) that:
- (i) the affairs of the Company are conducted consistently with the principles summarised in paragraphs (a) to (d) above (provided that, in the case of general principal (a), this undertaking shall not prevent Greenstone from exercising its voting rights in its own self interests);
  - (ii) save as contemplated by the Resolutions, no amendments shall be made to the Articles without the prior approval of the Board or that are inconsistent with the principal that:
    - (A) the majority of the Directors shall be independent directors (which, for the purposes of the Relationship Agreement and this paragraph 12 of Part I of this Circular, shall mean a director who: (i) has not been nominated by, nor employed by, nor been an officer or director of, nor otherwise the recipient of any ongoing or past financial compensation from, in each case directly or indirectly, any member of the Significant Shareholder Group or any Associate of the Significant Shareholder Group, and/or who (ii) is considered to be independent of the Significant Shareholder Group and Associate of the Significant Shareholder Group by the nominated adviser of the Company, acting reasonably taking into account applicable laws) and meetings of the Board shall not be quorate without a majority of independent directors (an “**Independent Quorum**”) being present, provided that any meeting of the Board postponed for lack of an Independent Quorum shall, when reconvened, be quorate provided any two Directors are present;
    - (B) committees of the Board shall be comprised of a majority of independent directors and shall be chaired by an independent director;
  - (iii) the majority of the Directors shall be independent directors;
- (g) no contracts or arrangements between the Group and Greenstone or any member of the Significant Shareholder Group shall be entered into without the approval of a majority of the independent directors, following consultation with the Company’s nominated adviser (similarly any amendment, variation, supplement, rescission, suspension, surrender or termination of any such contract or arrangement will also require the approval of a majority of independent directors and consultation with the Company’s nominated adviser); and
- (h) Greenstone shall not use its voting rights or, in the case of other members of the Significant Shareholder Group, shall procure that such other members do not use their voting rights in respect of the Company, to seek to procure or vote on any resolution to cancel the admission of the Company’s Shares to trading on AIM without the prior approval of a majority of the independent directors (unless it, or a member of the Significant Shareholder Group (or a concert party thereof) has made a general offer for the Company in accordance with the Code, or where not applicable, such regulatory requirements as then may be applicable to such an offer),
- together, the “**Minority Shareholder Protections**”.

As the existing relationship agreement containing certain constitutional measures relating to the independence of the Board has been terminated with effect from today, Mark Sawyer has also entered into a letter with the Company dated 28 June 2016 agreeing to exercise his voting rights as Director so as to ensure (so far as he is reasonably able) that the principles set out in paragraph (f) above are complied with. The purpose of this letter is to ensure that the Company benefits from the constitutional measures set out in paragraph (f) above for the period from today until Resolution 5 (which deals with amendments to the Articles in order to, *inter alia*, reflect the Minority Shareholder Protections) is approved by Shareholders.

### 13. Proposed Share Capital Reorganisation

#### Overview

The Company presently has 2,199,091,843 Existing Ordinary Shares in issue, each of which has a nominal value of £0.002. The 20-day VWAP as at 24 June 2016 is £0.0011 and the Company is not permitted by law to issue shares at an issue price which is below their nominal value. In order to enable the Company to issue shares in the future at an issue price which exceeds their nominal value, and to reduce the number of shares in issue, shareholder approval is being sought to complete a share capital reorganisation (“**Share**

**Capital Reorganisation**”). The Share Capital Reorganisation is subject to Shareholder approval and therefore the passing of Resolutions 1, 2 and 5.

As more fully explained below, the Share Capital Reorganisation is a standard, multi-phase process designed to alter the nominal value of the Company’s ordinary share capital and create an appropriate buffer between the nominal value and market value of such shares.

As set out in this Circular, the Company needs to reduce its debt obligations and raise additional finance for working capital and in order to progress the development of the Namib Project. Under the Companies Act, the current nominal value restricts the Company’s ability to raise capital through the issue of additional equity. The Company’s ability to preserve cash by using its shares as consideration for various ongoing expenses (such as consultants’ fees and a portion of Directors salaries) would, should it wish to do so, be similarly restricted.

A further consequence of having a very large number of shares in issue, with a very low market share price, is that small share trades can result in large percentage movements in the market share price which results in considerable volatility in the stock price. The Board also believes that the bid-offer spread on shares priced at low absolute levels can be disproportionate to the market share price, to the detriment of Shareholders. The Share Capital Reorganisation may therefore avoid large dealing spreads in the shares and may ensure that the share price volatility is reduced.

The Share Capital Reorganisation will enable the Company to issue shares at a value above their normal value and reducing the number of Existing Ordinary Shares in issue. The Directors believe that this will result in a market share price that will be at a more appropriate level for the Company as well as reducing the share price volatility.

#### ***Details of the proposed Share Capital Reorganisation***

It is proposed that the 2,199,091,843 Existing Ordinary Shares will be subdivided, re-designated and consolidated on the basis of, and according to, the steps set out in Resolutions 1 and 2, as detailed below:

#### ***Resolution 1 – Subdivision and re-designation of Existing Ordinary Shares***

It is proposed that each Existing Ordinary Share will be subdivided and re-designated as 1 ordinary share of 0.0008 pence (each, a **“Subdivided Share”**) and 249 Deferred Shares of 0.0008 pence. Please refer to section 4 below for details of the Deferred Shares.

#### ***Resolution 2 – Consolidation of Subdivided Shares***

It is then proposed that every 250 Subdivided Shares will be consolidated into 1 New Ordinary Share of 0.2 pence each. Unless a shareholding equals or exceeds 250 Existing Ordinary Shares (and therefore 250 Subdivided Shares), Shareholders will be left with a fractional entitlement to the New Ordinary Shares if the Resolutions are approved). No Shareholder will be entitled to a fraction of a New Ordinary Share and where, as a result of the consolidation of Existing Ordinary Shares described above, any Shareholder would otherwise be entitled to a fraction only of a New Ordinary Share in respect of their holding of Existing Ordinary Shares at the Share Capital Reorganisation Record Date (a **“Fractional Shareholder”**), such fractions shall be aggregated with the fractions of New Ordinary Shares to which other Fractional Shareholders of the Company may be entitled so as to form full New Ordinary Shares and sold in accordance with the relevant provisions of the Existing Articles. This means that any such Fractional Shareholder will not have a resultant proportionate shareholding of New Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares.

The Company will be authorised to sell New Ordinary Shares arising from fractional shareholdings on behalf of Fractional Shareholders as soon as reasonably practicable following the passing of the Share Capital Reorganisation Resolution for the best price then reasonably available for those shares.

In accordance with article 13.5 of the Company’s Existing Articles, the Board has resolved that cash proceeds of less than £5.00 per Fractional Shareholder from the sale of the New Ordinary Shares arising from fractional shareholdings will not be distributed to Fractional Shareholders but shall belong absolutely to the Company.

Upon implementation of the Share Capital Reorganisation, Shareholders on the register of members of the Company at the close of business on the Share Capital Reorganisation Record Date, which is expected to be 18 July 2016, will exchange 250 Existing Ordinary Shares for 1 New Ordinary Share and so on, in proportion for any other number of Existing Ordinary Shares then held. The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately following completion of the Share Capital Reorganisation (but prior to the issue of any Open Offer Share, Placing Shares or New Greenstone Shares) will, save for fractional entitlements, be unchanged.

Following the subdivision and re-designation of the Existing Ordinary Shares and subsequent consolidation of the Subdivided Shares, the nominal value of each New Ordinary Share will be 0.2 pence. Apart from the anticipated change in market value, the New Ordinary Shares arising on implementation of the Share Capital Reorganisation will have the same rights as the Existing Ordinary Shares, including the rights in respect of voting and the entitlement to receive dividends.

### ***Deferred Share rights***

It is proposed that each Deferred Share will have very limited rights and will effectively be valueless. CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares.

The Deferred Shares shall have the rights and restrictions as set out in the Amended Articles and shall not entitle the holder thereof to receive notice of, or attend and vote at, any general meeting of the Company or to receive a dividend or other distribution. A Deferred Share shall entitle the holder thereof to participate in any return of capital on a winding up of the Company but only after the liabilities of the Company have been paid and after the holders of New Ordinary Shares have received the sum of £10,000,000 for each New Ordinary Share held by them and the holder of a Deferred Share shall have no other right to participate in the assets of the Company. A Deferred Share is liable to be cancelled without payment of any consideration to the holder of the Deferred Share.

### ***New Ordinary Share rights***

It is proposed that each New Ordinary Share will carry the same rights in all respects under the Amended Articles as each Existing Ordinary Share does at present under the Existing Articles, including the rights in respect of voting and the entitlement to receive dividends.

### ***Amendment to the Existing Articles***

As part of the Share Capital Reorganisation, and in order to reflect certain terms of the Relationship Agreement, the Company proposes to make consequential amendments to the Existing Articles to include provisions in respect of the Deferred Shares and the Minority Shareholder Protections. Please refer to Resolution 5 set out in the Notice of the General Meeting at the end of this Circular for further details on such proposed amendments.

## **14. Discounted online dealing facility**

The Company has put in place arrangements with its Registrar, Capital Asset Services, such that Eligible Shareholders holding New Ordinary Shares in certificated form will be able to take advantage of a discount to the online dealing service currently available to Shareholders. For a two month period following completion of the Share Capital Reorganisation, sale commission will be chargeable by Capita Asset Services at 1 per cent. of the trade value, subject to a minimum of £25. Purchase commission will be chargeable at 1 per cent. of the trade value, subject to a minimum of £25. To take advantage of this service, please login to [www.capitadeal.com](http://www.capitadeal.com). If you have any questions regarding this facility, please telephone Capita Asset Services on 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 am to 4.30 pm, Monday to Friday excluding public holidays in England and Wales). This is not a recommendation to buy or sell shares. The value of shares can go up as well as down. If you are in any doubt about the merits or risks involved when buying or selling shares, you should consult a suitably qualified professional advisor.



## **15. Admission to AIM, settlement and dealings**

Application will be made to the London Stock Exchange for the New Ordinary Shares following the Share Capital Reorganisation, including the Open Offer Shares, Placing Shares and New Greenstone Shares, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in respect of the New Ordinary Shares will commence at 8.00 a.m. on 19 July 2016.

Further information in respect of settlement and dealings in the Open Offer Shares is set out in paragraph 9 of Part II of this Circular.

The Open Offer Shares, Placing Shares and New Greenstone Shares will represent, in aggregate, approximately 200 per cent. of the Company's existing Issued Share Capital and approximately 66.7 per cent. of the Enlarged Share Capital.

The Open Offer Shares, Placing Shares and New Greenstone Shares will, upon Admission, rank *pari passu* with the New Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. The Open Offer Shares, Placing Shares and New Greenstone Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

If you hold a share certificate in respect of your Existing Ordinary Shares in the Company, your certificate will no longer be valid from the time that the proposed Share Capital Reorganisation becomes effective. If you hold 250 or more Existing Ordinary Shares on the Share Capital Reorganisation Record Date you will be sent a new share certificate evidencing the New Ordinary Shares to which you are entitled under the Share Capital Reorganisation. Such certificates are expected to be despatched no later than 26 July 2016 by first class post at the risk of the Shareholder. Upon receipt of the new certificate, you should destroy any old certificates. Pending the despatch of the new certificates, transfers of certificated New Ordinary Shares will be certified against the Company's share register.

If you hold your Existing Ordinary Shares in uncertificated form, you should expect to have your CREST account credited with the New Ordinary Shares to which you are entitled on implementation of the Share Capital Reorganisation on 19 July 2016 or as soon as practicable after the Share Capital Reorganisation becomes effective.

## **16. General Meeting**

A General Meeting of the Company, notice of which is set out at the end of this Circular, is to be held at 2.00 p.m. on 18 July 2016 at the offices of Shakespeare Martineau LLP, 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR at which the Resolutions will be proposed. Please note that the summary and explanation set out below is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before returning their Forms of Proxy.

The Resolutions can be summarised as follows:

### ***Resolution 1 – Subdivision and re-designation of Existing Ordinary Shares***

Resolution 1 will be proposed as an ordinary resolution of the Company, and is conditional on the passing of all other Resolutions. Resolution 1 approves the subdivision and re-designation of the 2,199,091,843 Existing Ordinary Shares of 0.2 pence each in the capital of the Company into: (i) 2,199,091,843 Subdivided Shares of 0.0008 pence each and (ii) 547,573,868,907 Deferred Shares of 0.0008 pence each in the capital of the Company.

### ***Resolution 2 – Consolidation of Subdivided Shares***

Resolution 2 will be proposed as an ordinary resolution of the Company and is conditional on the passing of all other Resolutions. Resolution 2 approves the consolidation of the 2,199,091,843 Subdivided Shares into 8,796,367 New Ordinary Shares of 0.2 pence in the capital of the Company.

### **Resolution 3 – General Authority to allot Equity Securities**

Resolution 3 is included in order to give the Directors authority to issue and allot new Equity Securities (including pursuant to the Open Offer, the Placing and the Greenstone Placing) generally (and is conditional on all Resolutions being approved).

### **Resolution 4 – Whitewash Resolution**

Resolution 4 will be put to the Independent Shareholders of the Company on a poll, and is conditional on all other Resolutions being approved. The reasons for, and consequences of, Resolution 4 are set out in paragraph 7 of this Part I. In accordance with the provisions of the Code, Greenstone will not vote on the Whitewash Resolution, and Greenstone has confirmed this to the Company.

### **Resolution 5 – Amendments to Existing Articles**

Resolution 5 will be proposed as a special resolution to enable the Directors to make consequential amendments to the Existing Articles in order to include provisions in respect of the Deferred Shares and the subdivision and re-designation of the Existing Ordinary Shares and is conditional on the passing of all other Resolutions. As explained in paragraph 13 of this Part I, the Deferred Shares will have limited rights in respect of voting and the entitlement to receive dividends, and only very limited rights on a return of capital.

### **Resolution 6 – Authority to allot Equity Securities free of pre-emption rights**

Resolution 6 is included in order to give the Directors authority to issue and allot new Equity Securities (including pursuant to the Open Offer, the Placing and the Greenstone Placing) free of statutory pre-emption rights, and is conditional on all other Resolutions being approved. The level of authority sought pursuant to Resolution 3 represents a total number of 41,913,590 New Ordinary Shares, and can be broken down as follows (and as rounded up):

- (a) up to 17,596,229 New Greenstone Shares;
- (b) 8,683,254 Open Offer Shares;
- (c) up to 3,634,105 Placing Shares; and
- (d) Equity Securities with a total nominal value of £24,000 which may be issued by the Directors prior to the Company's next annual general meeting (should the Company need to issue further equity during this time following the conclusion of the Greenstone Placing, the Open Offer and the Placing).

Pursuant to Resolution 6, the Directors will, assuming Resolution 6 is passed, have authority to allot the number of New Greenstone Shares, Open Offer Shares, Placing Shares and Equity Securities set out in (a) to (d) (inclusive) above, free of statutory pre-emption rights.

## **17. Taxation**

### ***In relation to the Share Capital Reorganisation***

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They relate only to certain limited aspects of the UK tax position for individual Shareholders who are the beneficial owners of Existing Ordinary Shares and who are resident and domiciled in the UK for tax purposes and who hold their shares in the Company as an investment (and not as securities to be realised in the course of a trade). The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Existing Ordinary Shares or New Ordinary Shares and it does not constitute advice. If you are in any doubt as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult, and rely upon the advice of, a duly authorised professional adviser.

The proposed Share Capital Reorganisation should constitute a reorganisation of the Company's share capital for the purposes of section 126 of the Taxation of Chargeable Gains Act 1992. For the purposes of UK taxation of chargeable gains, to the extent that you receive New Ordinary Shares under the proposed Share Capital Reorganisation, you should not be treated as making a disposal of any of your Existing Ordinary Shares or an acquisition of New Ordinary Shares. The New Ordinary Shares will be treated as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, the holding of Existing Ordinary Shares from which they derive.

Any entitlements to fractions of New Ordinary Shares arising as a result of the Share Capital Reorganisation will be consolidated and sold on behalf of the Shareholders entitled to the same.

If you hold fewer than 250 Existing Ordinary Shares at the time the proposed Share Capital Reorganisation takes effect and accordingly you only receive cash under the proposed Share Capital Reorganisation, as a result of this sale, you will be treated as having disposed of such Existing Ordinary Shares. As a result, you may, depending on your individual circumstances, realise a chargeable gain or an allowable loss for tax purposes.

If, and to the extent that, you receive cash and New Ordinary Shares under the proposed Share Capital Reorganisation as a result of the sale of fractional entitlements, you may, under the current practice of HM Revenue and Customs, treat the cash received as a deduction from any base cost you may have in your Existing Ordinary Shares (and, accordingly, the New Ordinary Shares held after the proposed Share Capital Reorganisation) rather than as consideration for a disposal of the Existing Ordinary Shares held representing such fractional entitlement.

Shareholders due to receive cash proceeds of less than £5.00 will not receive any payment from the Company for their fractional entitlement. Such Shareholders should be treated as having disposed of their fractional entitlement for £0 and, accordingly, do not need to deduct any amount from the base cost on their Existing Ordinary Shares.

No liability to stamp duty or stamp duty reserve tax should be incurred by a holder of Existing Ordinary Shares as a result of the proposed Share Capital Reorganisation.

### ***In connection with the Open Offer***

Information regarding taxation in the United Kingdom in connection with the Open Offer is set out in paragraph 8 of Part V of this Circular. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their professional adviser as soon as possible.

## **18. Action to be taken**

### ***General Meeting***

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. If you are a Shareholder, you are requested to complete, sign and return the Form of Proxy, whether or not you intend to be present at the meeting, and return it to the Company's Registrars, by hand, or send by post to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU. The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person should you subsequently wish to do so.

### ***Open Offer***

**If an Eligible Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form nor send a USE message through CREST.**

(i) *Eligible Non-CREST Shareholders (i.e. Eligible Shareholders who hold their shares in certificated form)*

If you are an Eligible Non-CREST Shareholder and wish to participate in the Open Offer, you should carefully read the Application Form accompanying this Circular and send the Application Form along with the appropriate remittance to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 11.00 a.m. on 15 July 2016 and in accordance with the procedure set out at paragraph 4 of Part II of this Circular.

(ii) *Eligible CREST Shareholders (i.e. Eligible Shareholders who hold their shares in uncertificated form through CREST)*

If you are an Eligible CREST Shareholder, no Application Form is enclosed. You will instead receive a credit to your account in CREST in respect of your Entitlement. You should refer to the procedure for application set out in paragraph 4 of Part II of this Circular.

Eligible CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer. Eligible Shareholders

with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of their applications. If you are not an Eligible Shareholder and a person who has a contractual or other legal obligation to forward this Circular or an Application Form into a jurisdiction outside the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal and who has a registered address in, or who is resident or ordinarily resident in, or a citizen of, or which is a corporation, partnership or another entity created or organised under the law of a country other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, then your attention is drawn to the information in paragraph 7 of Part II of this Circular.

Eligible CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claim Processing Unit. Eligible non-CREST Shareholders should note that their Application Form is not a negotiable entitlement and cannot be traded.

## **19. Overseas Shareholders**

Information for Shareholders who have registered addresses outside the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal appears in paragraph 7 of Part II of this Circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of this Circular.

## **20. Consequences of a failure to approve the Resolutions**

**Greenstone's subscription for \$5.6 million of Loan Notes provides the Company with certainty of funding from today it would need to commence drastic measures to reduce spending and more than likely enter into an insolvency process, which would almost certainly lead to the loss of control over the Company's principal asset, being the Namib Project. The Loan Notes subscription and the Financing Proposals are the only terms on which Greenstone is willing to finance the Company at this stage and, whether or not the elements of the Financing Proposals which are subject to Shareholder approval (the subject of this document) are approved, the Loan Notes subscription and the Financing Proposals secure the Company's immediate financial position and provide a structure in which all Shareholders are able to participate and to retain an interest in the Company.**

**If any of the Resolutions set out in the notice of General Meeting of the Company dated 28 June 2016 are not passed, none of the Financing Proposals will proceed. In that event, absent any other fundraising by the Company, it is highly likely that the Company would be unable to repay the Loan Notes before the later Maturity Date and would therefore be in default of the terms of the Loan Notes.**

**In such circumstances, Greenstone would be able to enforce the Security over the Group's principal asset, being the operating subsidiary which owns and operates the Namib Project. Greenstone has indicated that in the event of such a default it would be its intention to enforce the Security. This would leave the Group in a highly uncertain financial position and in all likelihood it would result in the Group ceasing to trade, insolvency and, ultimately, the liquidation of the Group resulting in shareholders losing their investment in the Company.**

**The Independent Directors, having considered the likely alternative sources capital available to the Company, believe that it is highly unlikely that alternative funding could be secured before the later Maturity Date. As such, it is critical that Shareholders vote in favour of the Resolutions at the General Meeting so that the Financing Proposals can proceed and the Group can continue trading.**

## 21. Irrevocable Undertakings

As at the date of this Circular, the Company has received:

- (a) irrevocable undertakings from each of James Beams, Mark Thompson and Kenneth Sangster to vote in favour of the Resolutions covering their entire combined shareholdings of 82,146,559 Existing Ordinary Shares, representing 3.74 per cent. of the Issued Share Capital; and
- (b) an irrevocable undertaking from Greenstone to vote in favour of the Resolutions covering its entire shareholding of 659,507,644 Existing Ordinary Shares, representing 29.99 per cent. of the Issued Share Capital, except for the Whitewash Resolution on which, in accordance with the City Code, Greenstone is not eligible to vote.

In an aim to reduce the dilutive effects suffered by Eligible Shareholders as a consequence of the proposed 30 per cent. conversion by Greenstone of the Loan Notes following the close of the Open Offer and Placing, Greenstone has undertaken and agreed to be excluded from the Open Offer (and, in addition, has been deemed ineligible to participate in the Open Offer by virtue of the jurisdiction of its holding). Consequently, entitlements under the Open Offer are calculated excluding Greenstone's shareholding in order to try and reduce the dilutive effects of the Greenstone Placing and Placing, should each Eligible Shareholder take up his/her *pro rata* entitlements under the Open Offer in full.

Consequently, the total number of Open Offer Shares available to Eligible Shareholders under the Open Offer is 8,683,254, which represent 100 per cent. of the total number of Open Offer Shares and 49 per cent. of the total number of New Ordinary Shares to be issued pursuant to the Open Offer, Placing and Greenstone Placing (on conversion of the Loan Notes) together.

## 22. Further Information

Your attention is drawn to the Risk Factors relating to the Group set out in Part IV of this Circular, the additional information set out in Part V of this Circular and the terms and conditions of the Open Offer and the Greenstone Placing set out in Part II and Part III (respectively) of this Circular, as well as the Application Form.

## 23. Recommendation

**The Independent Directors, who have been so advised by the Company's financial adviser, Strand Hanson, consider the Financing Proposals to be fair and reasonable and in the best interests of Independent Shareholders and of the Company as a whole. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the Whitewash Resolution (Resolution 4) at the General Meeting as they intend to do in respect of their entire holdings which amount to interests in 92,146,559 Existing Ordinary Shares, representing approximately 4.19 per cent. of the Existing Ordinary Shares.**

**The Directors consider that the Financing Proposals are in the best interests of the Company and Shareholders as a whole, and that the Namib Project continues to be the best option to create value for all Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions at the General Meeting as they intend to do in respect of their entire holdings which amount to interests in 92,146,559 Existing Ordinary Shares, representing approximately 4.19 per cent. of Existing Ordinary Shares.**

**Voting on the Whitewash Resolution will be by means of a poll at the General Meeting of Independent Shareholders.**

**Greenstone will not vote on the Whitewash Resolution at the General Meeting.**

Yours faithfully,

**Rodney Beddows**

*Independent Non-Executive Chairman*

## PART II

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

The Company hereby invites Eligible Shareholders to apply, on and subject to, the terms and conditions set out in this Circular and in the Application Form, and subject to the Articles of the Company, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application. Subject to certain minimum subscriptions set out below, Eligible Shareholders are being given the opportunity to subscribe for their Open Offer Entitlement at the Issue Price payable in full on application and free of all expenses, *pro rata* to their existing shareholdings.

Only Eligible Shareholders, that is Shareholders who are resident in the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, will be eligible to make an application for Open Offer Shares. Shareholders domiciled in any other territory, including any other EEA member state, will not be permitted to apply for any Open Offer Shares.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. The allotment and issue of the Open Offer Shares will be made upon and be subject to the terms and conditions set out in this Circular and in the Application Form.

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Open Offer Shares will commence on AIM at 8.00 a.m. on 19 July 2016.

**If an Eligible Shareholder does not wish to apply for Open Offer Shares he/she should not complete or return the Application Form.**

A maximum number of 8,683,254 Open Offer Shares will be offered to Eligible Shareholders as part of the Open Offer. In no circumstances will more than this number of Open Offer Shares be issued pursuant to the Open Offer.

The total consideration under the Open Offer shall be less than €5 million (or an equivalent amount in US dollars or sterling) in aggregate.

#### 2. Principal terms and conditions of the Open Offer

Eligible Shareholders are being given the opportunity to subscribe for their Open Offer Entitlement at the Issue Price payable in full on application and free of all expenses, *pro rata* to their holding of Existing Ordinary Shares on the basis of:

##### 1.41 Open Offer Shares for every 250 Existing Ordinary Shares held

as calculated on the Open Offer Record Date. Open Offer Entitlements will be rounded down to the nearest whole number of New Ordinary Shares and fractional entitlements which would have otherwise arisen will not be issued. Note, in the event the Share Capital Reorganisation was not taking place, this would equate to 352.5 new shares for every 250 Existing Ordinary Shares held.

Eligible Shareholders may apply for, on and subject to the terms and conditions set out in this Circular and in the accompanying Application Form, any whole number of Open Offer Shares at the Issue Price. Once initial *pro rata* entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications under the Excess Application Facility in full or in part.

Only Eligible Shareholders, which means only Shareholders who are resident in the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, will be eligible to make an application for Open Offer Shares. Shareholders domiciled in any other territory, including any other EEA member state, will not be permitted to apply for any Open Offer Shares.

Eligible Shareholders should be aware that the Open Offer is not a rights issue and the Application Form is not a negotiable document and cannot be traded. Applications for Open Offer Shares may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.

Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer but will be made available under the Excess Application Facility and thereafter any remaining Open Offer Shares will be issued to Placees under the Placing, with the net proceeds being retained for the benefit of the Company and Eligible Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

### **3. Further terms of the Open Offer**

No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Eligible Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 26 July 2016. In respect of those Eligible Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by as soon as possible after 8.00 a.m. on 19 July 2016.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Circular, the Company will make an appropriate disclosure to AIM and, where appropriate, notify Shareholders.

### **4. Procedure for Application and Payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of the Open Offer or you have Open Offer Entitlements credited to your CREST stock account.

Eligible Shareholders who hold all their Existing Ordinary Shares in certificated form will receive a personalised Application Form. The Application Form will show the number of Existing Ordinary Shares, as calculated on the Open Offer Record Date. It will also show Eligible Shareholders their Open Offer Entitlement and the total number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Eligible Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Eligible Shareholders who hold Existing Ordinary Shares partly in certificated and partly in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Eligible Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST.

**Eligible Shareholders who do not wish to apply for any Open Offer Shares under the Open Offer should not complete or return the Application Form or submit a USE message through CREST. Eligible Shareholders who hold their Existing Ordinary Shares through a nominee and who wish to apply for Open Offer Shares must contact their nominee as such Eligible Shareholders will not be able to apply for Open Offer Shares directly using the Application Form.**

#### **(a) If you receive an Application Form in respect of your Open Offer Entitlements under the Open Offer**

##### *(i) General*

Subject as provided in paragraph 7 of this Part II in relation to Overseas Shareholders, Eligible Non- CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares as calculated on the Open Offer Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Open Offer Entitlement, (on an initial *pro rata* basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial *pro rata* entitlement should you wish to do so. You may apply for more Open Offer Shares than you are entitled to should you wish to do so through the Excess Application Facility as long as you have taken up all of your

Open Offer Entitlements. The total number of Open Offer Shares is fixed and will not be increased in response to any applications in excess of what is available under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Eligible Shareholders do not apply for their Open Offer Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for excess Open Offer Shares by Eligible Shareholders will be met in full or in part or at all.

Eligible Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. The instructions and other terms set out in the Application Form forms part of the terms of the Open Offer in relation to Eligible Non-CREST Shareholders.

*(ii) Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Eligible Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the Ex date. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 13 July 2016. The Application Form will not be a negotiable document and will not be separately tradable.

An Eligible Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the Ex date should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Eligible Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted to any territory outside the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) below.

*(iii) Application procedures*

Eligible Non-CREST Shareholders wishing to apply to acquire Open Offer Shares should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the pre-paid envelope accompanying the Application Form or returned by post or by hand (during normal business hours only) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 15 July 2016, after which time Application Forms will not be valid. Eligible Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Eligible Shareholders are recommended to allow at least four working days for delivery if posted by first class post. If you have any questions relating to this Circular, and the completion and return of the Application Form, please telephone Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Helpline is open between 9.00 a.m. till 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re: North River Resources Plc – Open Offer A/C and crossed "A/C Payee Only".**

Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full



amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to confirm that the relevant Eligible Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

If an Application Form encloses a payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and return the cheque or refund the payment to the Eligible non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Eligible non-CREST Shareholder in question, save that any sums of less than £1.00 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums to the Eligible non-CREST Shareholder in question, save that any sums of less than £1.00 will be retained for the benefit of the Company.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest bearing client account.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) application Forms received after 11.00 a.m. on 15 July 2016; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 15 July 2016 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to an Eligible Non-CREST Shareholder and such Eligible Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Eligible Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, Capita Asset Services shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Eligible Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. Neither Capita Asset Services nor the Company

nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Eligible Non-CREST Shareholders.

The instructions, notes and other terms set out in the Application Form constitute part of the terms of the Open Offer.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or you can contact the Receiving Agent, Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Helpline is open between 9.00 a.m. till 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**(b) If you have your Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer**

*(i) General*

Each Eligible CREST Shareholder will receive a credit to his/her stock account in CREST in respect of his/her Open Offer Entitlement. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Open Offer Record Date by the Eligible CREST Shareholder in respect of whom the Open Offer Entitlements have been allocated. An Eligible CREST Shareholder may apply for more or less Open Offer Shares than he is entitled to should he wish to do so. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and, as such, no assurance can be given that the applications for excess Open Offer Shares by Eligible CREST Shareholders will be met in full or in part or at all. If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Eligible CREST Shareholders cannot be credited by, 5.00 p.m. on 29 June 2016, or such later time and/or date as the Company may decide, an Application Form will be sent to each Eligible CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Eligible Non-CREST Shareholders with Application Forms will apply to Eligible CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

Should you need advice with regard to these procedures, please contact the Receiving Agent, Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Helpline is open between 9.00 a.m. till 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

*(ii) Market claims*

Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Transactions identified by the CREST Claims Processing Unit as "CUM" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

*(iii) Excess Application Facility*

Eligible CREST Shareholders at the Open Offer Record Date who wish to make applications for additional Open Offer Shares (in excess of their initial *pro rata* entitlement) and who have taken up all of their Open Offer Entitlements should follow the instructions below for submitting a USE in respect of the Excess Application Facility.

Once subscriptions under the Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Eligible Shareholders for Excess Shares under the Excess Application Facility will be met in full or in part or at all.

A credit of Excess Open Offer Entitlements will be made to the CREST account of each Eligible CREST Shareholder; if an Eligible CREST Shareholder would like to apply for a larger number of Excess Shares under the Excess Application Facility such Eligible CREST Shareholder should contact Capita Asset Services and arrange for a further credit of Excess Open Offer Entitlements to be made, subject at all times to the maximum number of Excess Shares available.

*(iv) Unmatched Stock Event ("USE") instructions*

Eligible CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect: (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

*(v) Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which application is being made and the number of Open Offer Entitlements being delivered to the Receiving Agent;
- (b) the ISIN of the Open Offer Entitlements. This is GB00BD8D2832;
- (c) the CREST participant ID of the accepting CREST member;
- (d) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (e) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28848NOR;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 15 July 2016; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 15 July 2016. In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 15 July 2016 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 19 July 2016 or such later time and date as the Company may determine (being no later than 8.00 a.m. on 29 July 2016), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent

will refund the amount paid by a Eligible CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

*(vi) Content of USE Instructions in respect of the Excess Application Facility*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of excess Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Excess Application Facility. This is GB00BD8D2949;
- (c) the participant ID of the accepting CREST member;
- (d) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (e) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 28848NOR;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 15 July 2016; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 15 July 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 15 July 2016 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 19 July 2016 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8.00 a.m. on 29 July 2016), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Eligible CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.

*(vii) Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

An Eligible Non-CREST Shareholder's entitlements to apply for Open Offer Shares under the Open Offer set out in this Application Form may be deposited into CREST (either into the account of the Eligible Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Eligible Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlements under the Open Offer are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) to the provisions of the Application Form. A holder of an Application Form who is proposing to deposit the entitlements set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable a person holding or acquiring such Open Offer Entitlements following their deposit into CREST, to take all necessary steps in connection with taking up such entitlements prior to 3.00 p.m. on 12 July 2016.

A holder of an Application Form who deposits his Open Offer Entitlement into his CREST account, will receive a credit to such account for his Open Offer Entitlement which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements, is 3.00 p.m. on 12 July 2016 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 11 July 2016 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 15 July 2016. Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Eligible Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that they are not a citizen or resident (of any territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

*(viii) Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 15 July 2016 will constitute a valid application under the Open Offer.

*(ix) CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 15 July 2016. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

*(x) Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilized sum to the CREST member in question (without interest).

*(xi) Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (a) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II;

- (b) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (d) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

(xii) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 19 July 2016 or such later time and date as the Company may determine (being no later than 29 July 2016), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Eligible CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

## 5. Warranties

An Eligible Shareholder who makes or is treated as making a valid application for Open Offer Shares represents, covenants, agrees and acknowledges as set out in this paragraph 5 of this Part II of this Circular:

- (a) the Company and others will rely upon its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;
- (b) it has read and understood and accepted the terms and conditions of the Open Offer contained in this Circular and its application for Open Offer Shares shall be on and subject to the terms and conditions of this Circular and, if it is an Eligible Non-CREST Shareholder, the Application Form;
- (c) it agrees that all applications, and contracts resulting therefrom, under the Open Offer or in connection therewith shall be governed by, and construed in accordance with, the laws of England;
- (d) it agrees to pay the amount payable on application in accordance with the payment procedures described in this Part II of this Circular;
- (e) it is an Eligible Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements, or if it has received some or all of its Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (f) it may lawfully acquire the Open Offer Shares to be subscribed by it pursuant to the Open Offer (including the Excess Application Facility) and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Open Offer Shares and will honour such obligations;
- (g) it agrees that its obligations under this schedule shall not be capable of rescission or termination by it in any circumstance;
- (h) in agreeing to acquire the Open Offer Shares, it is relying on the information contained in this Circular and it is not relying on any other information given or representation, warranty, undertaking, agreement or statement made at any time by the Company or any of its officers, directors, agents, employees or

advisers, or any other person in relation to the Company or its subsidiary undertakings, the Open Offer or the Open Offer Shares to be issued pursuant to the Open Offer, and neither the Company nor any other person will be liable for any Eligible Shareholder's decision to participate in the Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Eligible Shareholders may have obtained or received. In addition, it has neither received nor relied on any confidential price sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;

- (i) it meets all required qualifications and other requirements to be offered Open Offer Shares and is entitled to acquire the Open Offer Shares under the terms of the Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action or omitted to take any action which will or may result in the Company or any of its respective officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the Open Offer or its entitlement;
- (j) it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company that the Eligible Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome and the Eligible Shareholder is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that the Eligible Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for the Open Offer Shares under the Open Offer;
- (k) it irrevocably appoints any director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of the Open Offer Shares;
- (l) it is not, and nor is it applying for the Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that the Company will not have any liability to it or other persons in respect of such duty or tax;
- (m) the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the Open Offer in the jurisdiction in which it is resident;
- (n) the purchase by it of Open Offer Shares does not trigger in the jurisdiction in which it is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- (o) its application for Open Offer Shares under the Open Offer will not result in it and/or persons acting in concert with it obtaining an interest in greater than 29.9 per cent. of the total number of New Ordinary Shares in issue following the Open Offer;
- (p) it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- (q) it agrees to be bound by the terms of the Memorandum of Association and Articles of Association of the Company in force immediately following Admission;

- (r) it will not deal or cause or permit any other person to deal in all or any of the Open Offer Shares unless and until Admission becomes effective;
- (s) the Company is relying on one or more exemptions from the registration requirements of the Securities Act and, as a consequence of acquiring the Open Offer Shares pursuant to such exemption(s), certain protections, rights and remedies provided by applicable securities laws will not be available to it, including an obligation on the Company to provide it with a prospectus or other disclosure document, and, save for this Circular, no offer document, admission document or prospectus has been, or is required to be, prepared in connection with the Open Offer;
- (t) it has not received a prospectus or admission document or, save for this Circular, other offering document in connection with the Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Open Offer Shares or the fairness or suitability of the investment in the Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the Open Offer Shares;
- (u) it acknowledges that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the “**Exchange Information**”), and that it is able to obtain or access the Exchange Information without undue difficulty;
- (v) neither the Company nor any person acting on its behalf nor any of its affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- (w) if it is acquiring any Open Offer Shares as a fiduciary or agent for one or more accounts, it has full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;
- (x) it acknowledges that neither the Open Offer Shares or the Open Offer Entitlements or the Excess Open Offer Entitlements have been nor will they be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (y) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Circular (or any part thereof) to or within the United States or any other Restricted Jurisdiction nor will it do any of the foregoing;
- (z) it is purchasing the Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Open Offer Shares in any manner that would violate the Securities Act, or any other applicable securities laws, and it does not have a present arrangement to effect any distribution of the Open Offer Shares to or through any person or entity;
- (aa) it is not acquiring any the Open Offer Shares for resale in the United States and it has not and will not deliver or forward any advertisement or other offering material in relation to the Open Offer Shares in or into the United States;
- (bb) it will indemnify and hold the Company and its affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this Circular. All representations, warranties, agreements and covenants given by it in this Circular are given to the Company and will survive completion of the Open Offer;
- (cc) it is acquiring the Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;
- (dd) at the time it received the offer to purchase the Open Offer Shares it was not in the United States;
- (ee) it (i) understands and acknowledges that the offering and sale of the Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States; and (ii)



acknowledges that no Application Form, where appropriate, will be accepted by any such use, means, instrumentality or facility or from within the United States, and doing so may render such Application Form invalid;

- (ff) its receipt and execution of the Application Form, where appropriate, each occurred outside the United States;
- (gg) it is not acquiring the Open Offer Shares as a result of or due to, and will not engage in, any “directed selling efforts” (as defined in Regulation S under the Securities Act) in the United States in respect of the Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States;
- (hh) if resident or incorporated or established in Australia, it acknowledges that this Circular has been given to it and any offer to it is conditional upon the understanding of the Company that it (i) qualifies as a ‘sophisticated investor’ under Section 708(8) of the Corporations Act or (ii) qualifies as a ‘professional investor’ under Section 708(11) of the Corporations Act, and that it can provide the Company with sufficient evidence of such qualification upon request from the Company. In the event that it is not an investor qualifying under one of those categories set out above, it should return this Circular to the Company immediately. It may not forward or circulate this Circular to any other person in Australia; and
- (ii) caso sejam residentes, ou entidades constituídas ou com estabelecimento em Portugal, pela aceitação da presente oferta, os subscritores reconhecem e garantem que são indivíduos residentes ou entidades com sede ou estabelecimento em Portugal, constituídas ou registadas em conformidade com a legislação Portuguesa e, em qualquer caso, cumprindo, para os efeitos da presente oferta, todos os requisitos legais constantes do Código dos Valores Mobiliários e da restante regulamentação da CMVM (if resident or incorporated or established in Portugal, by accepting the present offer the subscribers represent that they are individuals resident or entities domiciled or established in Portugal (and, if so, incorporated or registered in accordance with Portuguese law) and, in either case, fulfilling all the remaining requirements for the effect of the present Open Offer set out in the Portuguese Securities Code and in the Portuguese Securities Market Commission’s regulations (“**CMVM**”)).

## 6. Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations 2007 (the “**Regulations**”) as subsequently amended, it is a term of the Open Offer that the Receiving Agent may, at their absolute discretion, require verification of identity including by electronic means from any person completing an Application Form or sending a USE message through CREST (the “**Applicant**”) and, without prejudice to the generality of the foregoing, in particular any person who either (i) tenders payment by way of a cheque or banker’s draft drawn on an account in the name of any person or persons other than the Applicant or (ii) appears to Capita Asset Services to be acting on behalf of some other person.

This may involve verification of the identity of any person on whose behalf the Applicant appears to be acting.

Lodging of an Application Form and sending the USE message through CREST with the appropriate remittance constitutes a warranty by the Applicant that the Regulations will not be breached by the acceptance of the remittance and an undertaking to provide such evidence of identity at the time of lodging an Application Form or, in the absolute discretion of the Company, within a reasonable time thereafter (in each case to be determined at the absolute discretion of the Company and the Receiving Agent) as may be required to ensure compliance with the Regulations.

If satisfactory evidence of identity has not been received by Capita Asset Services within a reasonable period of time, then the Application Form or USE message through CREST in question may be rejected, in which event the application will not proceed any further and the application monies (without interest) will be returned to the bank account on which the cheque was drawn at the Applicant’s own risk. Where possible Applicants should make payment by cheque in their own name. If a bankers’ draft or building society cheque is used, the Applicant should write his/her name and address on the back of the draft or cheque and, in the case of an individual, record his/her date of birth against his/her name; and ask the bank or building society to

endorse on the reverse of the draft or cheque the full name and account number of the person whose account number is being debited and stamp such endorsement.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting Capita Asset Services' right to require verification of identity as indicated above).

## **7. Overseas Shareholders**

Only Eligible Shareholders, which means only Shareholders that are resident and domiciled in the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, will be eligible to make an application for Open Offer Shares, and in particular no person receiving a copy of this Circular or the Application Form in any other territory may treat the same as constituting an offer or invitation to him/her nor should he/she in any event complete the Application Form. Accordingly, persons receiving this Circular and Application Form should not send the same into any other territory, and any copy of this Circular or the Application Form which is received in any such jurisdiction is sent for information only, is confidential and should not be copied or distributed.

The Company reserves the right to treat as invalid any application or purported application to subscribe for Open Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or which does not include the warranties set out in the Application Form.

**The Open Offer Shares have not been and are not intended to be registered or qualified for sale under in any jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any other jurisdiction other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, Australia, the Isle of Man, France, Switzerland or Portugal, he/she should not seek to take up his/her allocation.**

## **8. Withdrawal rights**

Eligible Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of the FSMA after the issue by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the CREST participant ID and the CREST member account ID of such CREST member with Capita Asset Services, Corporate Actions, The Registry, Beckenham Road, Beckenham, Kent, BR3 4TU or email to [withdraw@capita.co.uk](mailto:withdraw@capita.co.uk) so as to be received by no later than two Business Days after the date on which the supplementary prospectus is published, withdrawal being effective as at posting of the written notice of withdrawal. Notice of withdrawal given by any other means or which is deposited with or received by Capita Asset Services after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Eligible Shareholders of its subscription in full and the allotment of Open Offer Shares to such Eligible Shareholders becoming unconditional, save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

## **9. Admission, Settlement and Dealings**

Application will be made for the admission of the Open Offer Shares to trading on AIM. The result of the Open Offer is expected to be announced on or about 18 July 2016 and, subject to the Open Offer becoming unconditional in all respects, trading in the Open Offer Shares is anticipated to commence on AIM for normal settlement on 19 July 2016.

Application will be made for the Open Offer Shares to be admitted to CREST with effect from Admission and applicants for Open Offer Shares will be able to hold their Open Offer Shares in certificated or uncertificated form.

Notwithstanding any other provision of this Circular or of the Application Form, the Company reserves the right to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Company's registrars in connection with CREST. This right may also be exercised if the correct details in respect of *bona fide* market claims (such as the Member Account ID and Participation ID details) are not provided as requested on the Application Form.

For more information as to the procedure for application in each case, Eligible Shareholders are referred to the Application Form.

#### **10. Times and dates**

The Company reserves the right to amend or extend the closing time of the Open Offer from 11.00 a.m. on 15 July 2016 and all related dates set out in this Circular. In such circumstances, the Company shall make an announcement via a regulatory information service.

If a supplementary circular is published by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Circular, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three business days after the date of publication of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

#### **11. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this Circular, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Circular or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Circular or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular and, where applicable, the Application Form, Eligible Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

#### **12. Further information**

Your attention is drawn to the further information set out in this Circular and also to the terms, conditions and other information printed on any Application Form.

## PART III

### TERMS OF THE GREENSTONE PLACING

Pursuant to the terms of the Greenstone Placing, Greenstone has subscribed for US\$5.6 million Loan Notes on the terms of, and subject to, the Subscription Agreement and Loan Note Instrument and has been granted the Security.

The following summarise the key terms of the agreements comprising the Greenstone Placing and the Security (it being noted that these summaries do not purport to present comprehensive or complete descriptions of relevant documents):

#### 1. Subscription Agreement

Pursuant to the Subscription Agreement, dated 28 June 2016:

- (a) Greenstone has agreed to conditionally subscribe for the Loan Notes within 12 Business Days from the date of the Subscription Agreement, being prior to the General Meeting, in three tranches for a total consideration of US\$5.6 million, save only for there being no change in relation to any member of the Group which is, or could reasonably be expected to be, material and adverse to the business, operations, financial condition or assets and liabilities of any member of the Group (save for certain carve outs, including where such material adverse change results from changes to global mining industry wide conditions or financial market conditions).
- (b) The Company agrees to apply the subscription monies for the Loan Notes, in part, in repayment of the outstanding 2015 Convertible Loan Notes (refer to the summary of the Side Letter to the Subscription Agreement in paragraph 2 of this Part III, below).
- (c) Greenstone is entitled to deduct its agreed professional and other costs, charges and expenses relating to its investigations into the Company and the negotiation, preparation, execution and termination of the documentation relating to the Greenstone Placing from any amounts payable by Greenstone to the Company under the Subscription Agreement. Greenstone shall pay the subscription monies in respect of each tranche (or net amount thereof, in accordance with the Side Letter to the Subscription Agreement), less such agreed costs and expenses, to the Company on satisfaction of the conditions relevant to each such tranche. In the event the conditions relating to each tranche are not satisfied within 12 Business Days following the date of the Subscription Agreement (or such other date as the parties may agree), Greenstone may give notice to the Company to terminate the Subscription Agreement.
- (d) The Company and Greenstone give certain warranties to each other regarding due incorporation and capacity. The Company gives additional warranties to Greenstone (including, but not limited to, warranties regarding the assets, business and financial position of the Company). The Company's liability under such additional warranties is subject to certain limitations. The Company agrees to indemnify Greenstone and all of its officers, directors, employees and agents for any loss or damage arising in relation to any breach by the Company of any representation, warranty or covenant set out in the Subscription Agreement.
- (e) The Company gives certain undertakings to Greenstone, including:
  - (i) that for so long as any Loan Notes remain outstanding, it will provide certain information in relation to the Company and its business to Greenstone, including copies of accounts and information distributed to Shareholders;
  - (ii) that it will, as soon as is reasonably practicable after having become aware of the same, notify Greenstone that an Event of Default (as defined in paragraph 3 of this Part III, below) has or is reasonably likely to occur and take such steps as may be reasonably open to it to mitigate any adverse effect on the Company or its assets;
  - (iii) that save pursuant to the Placing and Open Offer, and save for the issue of New Greenstone Shares on any conversion of the Loan Notes, it will not issue any ordinary shares in the capital of the Company to any person, provided that the Company will be permitted: (A) to issue ordinary shares in the capital of the Company pursuant to any exercise of existing options; and (B) where the Resolutions have not been approved by the initial Maturity Date (being 2 August 2016), to

issue such number of ordinary shares of 0.2 pence each in capital of the Company at a price not lower than 0.095 pence per share (on a pre Share Capital Reorganisation basis) in order to repay any amounts then outstanding in respect of the Loan Notes (together with any accrued but unpaid interest thereon) (the “**Undertaking Not To Issue Shares**”);

- (iv) as to its compliance with applicable laws; and
- (v) that it will not, without Greenstone’s prior written consent:
  - (A) grant, or allow any member of the Group to grant any encumbrance over any assets of the Group, save for the Security and any lien or retention of title arising automatically by the operation of law and in the ordinary course of business of the Group; or
  - (B) incur or permit to exist (or allow any member of the Group to incur or permit to exist) any indebtedness, save with respect to the 2015 Convertible Loan Notes, the Loan Notes or as arising automatically by the operation of law and in ordinary course of business of the Group, or as otherwise disclosed to Greenstone; or
  - (C) dispose, or allow any member of the Group to dispose, of all or a material part of its assets and undertakings.
- (f) Greenstone undertakes to the Company that:
  - (i) until the earlier of: (A) the later Maturity Date; and (B) repayment in full of any amounts outstanding in respect of the 2015 Convertible Loan Notes, it will not exercise any of its rights of enforcement, or claim any event of default, under the 2015 Convertible Loan Notes, save for any rights arising on the occurrence of any insolvency event in relation to the Group or any concurrent enforcement action taken by Greenstone in relation to the Loan Notes; and
  - (ii) it will, in the event that the Resolutions are not approved by the initial Maturity Date, exercise its voting rights to vote in favour of any resolutions put to Shareholders at a general meeting in order to enable the Company to issue Existing Ordinary Shares or New Ordinary Shares (as the case may be), generally and free of statutory pre-emption rights, in order to refinance the Loan Notes but without prejudice of its rights under the Relationship Agreement.
- (g) The 2015 Investment Agreement is terminated pursuant to the Subscription Agreement.

The Subscription Agreement is governed by English law, and the parties have irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales.

## 2. Side Letter to the Subscription Agreement

Pursuant to a side letter to the Subscription Agreement dated the same date as the Subscription Agreement and entered into by each of Greenstone and the Company, the parties agree that Greenstone may set off its obligation to pay the subscription monies for the Loan Notes, in part, against the Company’s obligation to repay the 2015 Convertible Loan Notes in full, such that the net amount of cash received by the Company in respect of the Loan Notes and in accordance with the terms of the Subscription Agreement and the Side Letter to the Subscription Agreement is not less than approximately US\$2.5 million.

## 3. Loan Note Instrument

The Loan Note Instrument, dated 28 June 2016, constitutes up to US\$5.6 million of conditionally convertible Loan Notes.

- (a) Subject to approval of the Resolutions, the Loan Notes shall be convertible at a price equal to the lower of: (i) 23.75 pence per share (on a post Share Capital Reorganisation basis); and (ii) the Issue Price converted into US\$ applying the Exchange Rate (the “**Conversion Price**”).
- (b) Following approval of the Resolutions (but prior to any pending notice issued by Greenstone to the Company to convert any outstanding Loan Notes into New Greenstones Shares) the Company may, on or prior to the later Maturity Date, use the proceeds of the Open Offer and Placing to redeem the Loan Notes in an amount which shall be specified by the Company in a redemption notice served on Greenstone (the “**Redemption Notice**”), and which may be zero and which shall not exceed 70 per cent. of the principal amount of the Loan Notes (the “**Redemption Right**”).

- (c) Following approval of the Resolutions, the portion of Loan Notes outstanding following the exercise by the Company of its Redemption Right in respect of the amount of Loan Notes specified in the Redemption Notice shall automatically be converted into New Greenstone Shares (the “**Conversion Requirement**”).
- (d) The New Greenstone Shares to be issued on any conversion of any of the Loan Notes will rank *pari passu* with the fully paid New Ordinary Shares of the Company on issue at the date of allotment of such New Greenstone Shares.
- (e) The Loan Notes will be issued, pursuant to the terms of the Subscription Agreement, in denominations and integral multiples of US\$1.00 in nominal amount (or such other multiples as the Company may permit).
- (f) The Loan Notes shall not be listed on AIM or any other recognised investment exchange, whether in the United Kingdom or elsewhere, however if the Loan Notes are not fully converted pursuant to the Conversion Requirement in accordance with the terms of the Subscription Agreement by the later Maturity Date, the noteholders shall, at the request of the Company, cooperate with the Company to achieve a listing of the Loan Notes on the Channel Islands Stock Exchange.
- (g) Until the Loan Notes are repaid or, subject to approval of the Resolutions and approval by the Panel of the Waiver, converted into New Greenstone Shares, the Loan Notes shall bear interest at a compound rate of 10 per cent. per annum, provided that if the Resolutions are not approved by the initial Maturity Date, the Loan Notes shall bear interest at a compound rate of 20 per cent. per annum from such date. The Company shall pay all accrued but unpaid interest in cash in arrears at the applicable rate on each of the initial and the later Maturity Date. If the Company fails to pay any amount of interest or principal on any Loan Note when such amount is due then interest at the applicable rate, plus 2 per cent. per annum shall accrue on the unpaid amount from the due date until the date of payment.
- (h) The Loan Notes are repayable on the relevant Maturity Date. On the relevant Maturity Date, the Company will pay to the noteholder the principal amount of the Loan Notes to be repaid (less any amount due pursuant to Loan Notes that have been converted, repaid or redeemed) together with any accrued interest on such Loan Notes (less any tax which the Company is required by law to deduct or withhold from such payment but subject to any grossing up required pursuant to the terms of the Loan Note Instrument) up to and including the date of payment. Save pursuant to the Company’s Redemption Right, as set out in paragraph (b) above, the Company does not have the right to repay the Loan Notes early.
- (i) The Loan Notes are subject to certain events of default, the most salient details of which are summarised below (each being an “**Event of Default**”):
  - (i) save in the event of any failure in the banking system or where any loan noteholder (each, a “**Loan Noteholder**”) fails to comply with its payment obligations under the Subscription Agreement, the Loan Note Instrument, the Security, the Relationship Agreement or any loan note certificate issued to a Loan Noteholder pursuant to the Loan Note Instrument (together, the “**Loan Note Documents**”), the Company does not pay on, or within three Business Days of, the due date any amount payable pursuant to the relevant Loan Note Document;
  - (ii) save where any Loan Noteholder which holds Existing Ordinary Shares fails to exercise its voting rights attaching to such Existing Ordinary Shares (to the extent permitted by the Code and applicable laws) to vote in favour of the same, the Resolutions are not approved on or prior to the later Maturity Date;
  - (iii) the Company or NLZM does not comply with any material provision of the Loan Note Documents to which it is a party, including (without the prior written consent of a majority of the Loan Noteholders: (i) the application of the proceeds of the Greenstone Placing to any material extent other than as provided for in the Loan Note Instrument or the Subscription Agreement (where such failure continues for a period of ten Business Days after written notice has been given by the majority of Loan Noteholders to the Company requiring the Company to remedy such failure);
  - (iv) there is a material breach of any of the terms of the licences relating to the Namib Project or the same are terminated for whatever reason or any act or event occurs which in the reasonable

- opinion of a majority of the Loan Noteholders may entitle the Government of Namibia to terminate such licences, in each case other than as a result of the grant of the Mining Licence;
- (v) the application for the Mining Licence is rejected or the Mining Licence is issued subject to conditions (other than those known, or which could reasonably be anticipated at the date of the Loan Note Instrument, including as referred to in this Circular) which in the reasonable opinion of a majority of the Loan Noteholders are commercially unacceptable or, having been issued, the Mining Licence is terminated for whatever reason or any act or event occurs which in the reasonable opinion of a majority of the Loan Noteholders may entitle the Government of Namibia to terminate the Mining Licence;
  - (vi) there has been a change in relation to the Group which is, or could reasonably be expected to be, material and adverse to the business, operations, financial condition or assets and liabilities of the Group (save for certain carve outs, including where such material adverse change results from changes to global mining industry wide conditions or financial market conditions);
  - (vii) the occurrence of certain insolvency events which are not cured within appropriate grace periods;
  - (viii) any encumbrance on or over the assets of the Company or any member of the Group is enforced and any step (including the taking of possession or the appointment of a receiver or analogous event) is taken to enforce the encumbrance;
  - (ix) in respect of the Company or NLZM:
    - (A) any financial indebtedness is not paid when due or, where applicable, nor within any originally applicable grace period.
    - (B) any financial indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
    - (C) any commitment for any financial indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described).
    - (D) any creditor becomes entitled to declare any financial indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

save where the aggregate amount of financial indebtedness or commitment for financial indebtedness is less than US\$100,000 or its equivalent in any other currency or currencies such event has been waived for the time being pursuant to the Subscription Agreement;
  - (x) the Company declares or pays any dividends or return of capital in respect of its issued share capital or any part thereof;
  - (xi) save with the prior written consent of a majority of the Loan Noteholders (not to be unreasonably withheld, delayed or conditioned), the Company or any of its Subsidiaries (including NLZM) stops (or threatens to stop) payment of its debts generally or ceases (or threatens to cease) to carry on its business or a substantial part of its business;
  - (xii) quotation of the Company's shares on AIM is suspended for more than 5 consecutive Business Days or for more than 5 Business Days in any twelve month period;
  - (xiii) there is a change of control in respect of the Company within the meaning of the Corporation Tax Act 2010 by any person or persons acting in concert (as defined in the Code), other than by any of the Loan Noteholders;
  - (xiv) it is or becomes unlawful for either the Company or NLZM to perform any of its obligations under the Loan Note Documents, or any such obligation or obligations of the Company or NLZM under the Loan Note Documents to which it is party are not or cease to be legal, valid, binding or enforceable or any Loan Note Document ceases to be in full force and effect, save where the same arises as a result of:
    - (A) the fraud, recklessness, wilful default or negligence of any other party, other than the Company or NLZM; and/or
    - (B) the breach by any party other than the Company or NLZM of its obligations under that Loan Note Document or of any applicable laws, rules or regulations,

in each case except to the extent the same occurs with the prior written consent of a majority of the Loan Noteholders.

At any time after an Event of Default has occurred, noteholders, holding a majority of the notes may, by notice to the Company, declare that all outstanding Loan Notes, accrued interest and all other amounts accrued or outstanding the Loan Note Instrument shall be immediately due and payable.

- (j) The Company's obligations in respect of the Loan Notes are secured by the Security.
- (k) The Company has agreed to indemnify Greenstone in respect of:
  - (i) any failure to pay or delay in paying any stamp, registration and other taxes (other than (i) taxes on non-Namibian source profits of any Loan Noteholder or (ii) stamp taxes relating to the transfer of Loan Notes or (iii) taxes arising or increasing as a result of (a) any amendment to the tax structuring of, or any tax election made by, any Loan Noteholder in either case without prior agreement of the Company (other than as agreed in the Subscription Agreement) or (b) a transfer of Loan Notes to a person other than the original Loan Noteholder) to which any Loan Note Document or any judgment given in connection with such documents is or at any time may be; and
  - (ii) any cost, tax liability, claim or expense (including legal fees and expenses) incurred by any Loan Noteholder as a result of the occurrence of an Event of Default, including where the same is incurred in connection with the enforcement of or the preservation of any rights under any Loan Note Document and any proceedings instituted by or against Greenstone as a consequence of taking or holding the Security or enforcing those rights.
- (l) The Loan Note Instrument contains certain provisions, dealing with (*inter alia*) automatic conversion on a change of control (save where the same would trigger a Mandatory Offer), adjustment in the event of certain variations to the share capital of the Company by way of capitalisation, rights issue, consolidation, subdivision or reduction of capital, the procedure for conversion of the Loan Notes, the giving of notices and the procedure for noteholder meetings.
- (m) The Convertible Loan Note Instrument is governed by English law, and the parties have irrevocably submitted to the exclusive jurisdiction of the courts of England and Wales.

#### **4. Pledge and Cession in Security between the Company, Greenstone and NLZM**

On 28 July 2016 the Company entered into a pledge and cession in security agreement with Greenstone and NLZM constituting the Security (the "**Pledge Agreement**").

Pursuant to the terms of the Pledge Agreement:

- (a) the Company, as security for its obligations to Greenstone under the terms of the Subscription Agreement, the Loan Note Instrument and in respect of the Loan Notes (the "**Secured Obligations**"), has agreed to pledge and cede its shares (and all related rights to proceeds and dividends pertaining to such shares) in NLZM and loan claims against NLZM to Greenstone;
- (b) the Company has pledged and ceded 1,500 ordinary par value shares of N\$1.00 (one Namibia Dollar) each in the capital of NLZM, issued at a premium for a total stated capital of N\$4,197,700 representing the entire issued share capital of NLZM (the "**NLZM Shares**"); and
- (c) the Company has also ceded its rights to any proceeds, title, interest and claims attached and in relation to the NLZM Shares and its shareholder claims against NLZM (the "**NLZM Rights and Interests**") and together with the NLZM Shares, the "**Secured Property**").

The Company has provided Greenstone with a number of representations and warranties, including that the NLZM Shares represent the entire issued share capital of NLZM and that the Company is the sole legal and beneficial owner of the Secured Property.

The Pledge Agreement contains a negative pledge whereby if any of the Secured Property is subject to any right, in breach of the representations and warranties granted by the Company, then the Company will also pledge and cede any reversionary or other interests in the Secured Property to Greenstone, and furthermore the Company will be obliged to deliver photocopies of any documents pertaining to the Secured Property to Greenstone, and as soon as the holder of the other right ceases to be entitled to possession or gives up possession, the Company shall deliver the relevant original documents to Greenstone.



Upon the occurrence of an Event of Default, all rights, powers and privileges attaching to the Secured Property shall vest in Greenstone and the Secured Obligations shall become immediately due and enforceable.

The Pledge Agreement shall terminate upon the unconditional and irrevocable fulfilment of the Secured Obligations, or until lawfully terminated by agreement between the parties.

The Company shall not be entitled to grant any further pledges or cessions or in any other manner encumber or deal with the Secured Property without Greenstone's prior written consent.

The Pledge Agreement shall be governed in accordance with the laws of Namibia.

## PART IV

### RISK FACTORS

In addition to the other relevant information set out in this Circular, the following specific factors should be considered carefully when evaluating an investment in the Group. The investment offered in this Circular may not be suitable for all of its recipients. If you are in any doubt as to the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Group is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

The exploration for, and development of, natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the New Ordinary Shares should be regarded as a highly speculative investment and any investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully. The Directors consider that the risks and other factors described below are the most significant and should be considered carefully together with all the information contained in this Circular, prior to applying for Open Offer Shares. It should be noted that the risks described below are not the only risks faced by the Group; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

If any of the risks referred to in this Part IV crystallise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

#### SECTION A: TRANSACTION SPECIFIC RISK FACTORS

##### **RISKS ASSOCIATED WITH ANY OF THE RESOLUTIONS NOT BEING APPROVED**

Shareholders should note the following risk factors related to the Resolutions not being approved:

##### ***Events of Default under the Loan Note Instrument***

The Loan Notes Instrument sets out a number of Events of Default, as more fully detailed in Part III of this Circular. Although, as at 27 June 2016, being the last practicable date prior to the date of this Circular, the Company is not aware of any Events of Default, if any of the Resolutions is not approved, an Event of Default will be triggered unless new equity is raised and repayment of the Loan Notes is made on or before 1 September 2016. Please see the risk factor immediately below regarding the effects of mandatory repayment of the Loan Notes on the Company.

##### ***Impact on Group's financial resilience***

If any of the Resolutions is not approved, the Loan Notes will become repayable on 1 September 2016. The Group will have very little financial flexibility, particularly in the event of any significant deterioration in market conditions and will have to consider alternative funding options which may not be as favourable. The Company will not be permitted, by the terms of the Greenstone Placing, to raise alternative debt finance. In the event that any of the Resolutions is not approved, and the Loan Notes cannot be repaid on or before 1 September 2016, Greenstone would not be able to convert the Loan Notes into New Greenstone Shares but would have the right to enforce the Security over the Group's principal asset, NLZM, the operating subsidiary which owns and operates the Namib Project, leaving Shareholders with little or no value but for the Company's remaining portfolio of early stage exploration assets. Greenstone has indicated that, in the event of such a default, it would be its intention to exercise its rights in relation to the Security. This would leave the Group in a highly uncertain financial position and in all likelihood it would result in the Group companies ceasing to trade, insolvency and, ultimately, the liquidation of the Group resulting in Shareholders losing their investment in the Company.

##### ***Interest Payable on the Loan Notes***

If any of the Resolutions is not approved, the rate of interest applicable to the Loan Notes will increase from 10 per cent. per annum to 20 per cent. per annum.

## **RISKS ASSOCIATED WITH THE RESOLUTIONS BEING APPROVED, BUT THE OPEN OFFER AND PLACING FAILING TO RAISE US\$3.92 MILLION**

If the Resolutions are approved, but the Open Offer and Placing do not proceed to raise US\$3.92 million, Shareholders should note the following risk factors. Shareholders should note that, due to regulatory restrictions, the size of the Open Offer cannot exceed €2,545,292.42 (approximately US\$2.83 million) and so, if the Placing does not raise approximately US\$1.09 million, the Company will not be in a position to repay 70 per cent. of the Loan Notes. As at the date of the Circular, the Company has not received any commitments in respect of the Placing, nor identified any potential Placees.

### ***Influence of significant Shareholder and Relationship Agreement***

If the Resolutions are approved, Greenstone's shareholding will increase to between 29.997 per cent. and 76.67 per cent. of the then Issued Share Capital, depending on the level of take up under the Open Offer and Placing. Take up of less than US\$2.24 million will mean Greenstone's interest exceeding 50 per cent. of the enlarged Issued Share Capital.

Depending on its resulting shareholding, Greenstone may be able to exercise significant influence over the Company and may be able to control substantially all matters requiring approval by Shareholders including the election of directors, sales of assets, share issues and amendments to the Articles. However, pursuant to the Relationship Agreement, certain obligations are placed on Greenstone, including (but not limited to) the Minority Shareholder Protections outlined in paragraph 12 of Part I of this Circular.

Shareholders should note that the Relationship Agreement provides that, save where the exercise of Greenstone's voting rights would amount to a breach of other provisions of the Relationship Agreement Greenstone shall not be prevented by the Relationship Agreement from exercising its voting rights in its own self interests in relation to the principles outlined in paragraphs (a) to (d) of paragraph 12 of Part I of this Circular.

Greenstone also enjoys certain benefits and protections pursuant to the Relationship Agreement, including (but not limited to) the right to appoint directors to the Board depending on its shareholding (as more fully set out in Part V of this Circular), a right to participate in any issue of equity carried out by the Company so as to maintain Greenstone's percentage shareholding, and certain marketing rights in relation to the products produced by the Company's projects (including, without limitation, the Namib Project).

### ***Events of Default under the Loan Note Instrument***

Pursuant to the terms of the Loan Note Instrument, the Loan Notes shall become repayable in full on the occurrence of any of the Events of Default, as summarised in Part III of this Circular.

### ***Potential dilution of current Shareholders***

Shareholders who do not (or, due to regulatory restrictions, are not given the opportunity to) participate in the Open Offer to the full extent of their *pro rata* entitlement will experience significant dilution in their ownership and voting interests in the Company on any conversion of the Loan Notes by Greenstone. In such circumstances, such Shareholders' proportionate ownership and voting rights in the Company will be reduced and the percentage that their New Ordinary Shares will represent of the then total Issued Share Capital will be reduced accordingly.

## **SECTION B: ECONOMIC RISK**

There may be a number of associated risks over which the Group will have no, or limited, control. These may include contract renegotiation, contract cancellation, economic, social, or political instability or change, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and mineral export licensing and export duties as well as government control over domestic mineral pricing. While most of the Group's financial obligations are denominated in US\$, Namibian dollars or Pounds Sterling, foreign currency effects may arise from exchange rate movements.

## SECTION C: RISKS RELATING TO THE COMPANY

### **Requirement for Additional Funding**

The Proceeds of the Greenstone Placing, Open Offer and Placing are only anticipated to be sufficient to fund the Company's working capital needs for the remainder of 2016. Further funds will be required to meet the Phase Two Funding Requirement and to develop the Namib Project (the Phase Three Funding Requirement) and the Company may also include funds required for additional working capital. Failure to secure the Mining Licence and/or to obtain sufficient financing for the Namib Project and any future projects may result in a delay or indefinite postponement of exploration, development or production on the Group properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### **Nominal value of Existing Ordinary Shares**

The Existing Ordinary Shares have a nominal value of 0.2 pence each, and the New Ordinary Shares will continue to have a nominal value of 0.2 pence each following completion of the Share Capital Reorganisation. As a matter of English law, companies are not permitted to issue shares at below nominal value. Therefore, if at any time the Company wishes or needs to issue New Ordinary Shares at a lower value to their nominal value, the Company will need to propose resolutions to its Shareholders in order to effect a further Share Capital Reorganisation. As with the Share Capital Reorganisation, there can be no guarantee that such resolutions would, if proposed, achieve the required majority to enable them to be passed such as to enable the Company to issue shares at or above nominal value.

### **Ability to raise sufficient debt finance**

The Company has been engaging with multiple parties in order to prepare for the inclusion of a debt package into the Namib Project's Phase Three Funding Requirement financing package at the point of a construction decision. While conversations with debt providers continue, it is clear that the availability of debt for the sector has become tougher to obtain due to weak commodity prices, even for commodities with positive fundamentals such as zinc and lead. The Company is conscious that there is no guarantee that debt finance will be available at the relevant time, or at all, and, as such, it may become necessary for the Company to seek the finance for the Phase Three Funding Requirement from alternative sources.

### **Taxation Risk**

Any change in the Group's tax status, the tax applicable to holding New Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, the Company's ability to provide returns to Shareholders and/or post-tax returns to Shareholders. Statements in this Circular concerning the taxation of the Company's investors are based upon current tax law and practice, which is subject to change.

### **Exploration and Mining Licences**

All of the licences currently held by the Group are exploration licences. Prior to the commencement of mining and processing activities, mining licences and all other permits and regulatory consents will need to be obtained.

Although the Company believes that such licences, permits and regulatory consents should be obtained for the commencement of mining and production activities, there can be no assurance regarding these matters.

The exploration licences currently held by the Group and any mining or prospecting licences acquired by the Group in the future will be subject to licence requirements, which include, *inter alia*, certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences.

The Group has applied for the Mining Licence in relation to the Namib Project. If such application is successful, this will provide mining rights in relation to the Namib Project under Namibian mining law for a period of up to a maximum of 25 years. There is no guarantee that the Mining Licence will be granted for the duration of the life of mine for the Namib Project. Failure by the Group to obtain the Mining Licence or other necessary mining licences or government consents for its other projects either at all or within

anticipated timeframes or on acceptable terms and conditions, or revocation of existing licences could materially jeopardize the viability of the Group's projects.

Failure by the Group to obtain the Mining Licence without any further significant delay or on commercially viable terms and conditions may adversely affect the Company's requirement for the Phase Two Funding Requirement and/or result in additional working capital being required. Please further refer to the risk factor titled "Supplementary Terms & Conditions and ML Proposal" below.

### **Supplementary Terms & Conditions and ML Proposal**

As announced on 1 February 2016, the Company has received from the Namibian Government a Notice of Preparedness to Grant the Mining Licence, which the Company formally accepted on 26 February 2016, having raised certain queries with the Ministry regarding the Supplementary Terms & Conditions which will attach to the Mining Licence. On 25 April 2016, the Company's 100 per cent. held subsidiary, NLZM, submitted its ML Proposal, following which the Ministry had 30 days to propose amendments, if any, to the ML Proposal which the Ministry believes would enable NLZM to support the Namibian Government's objectives for broad based empowerment and poverty eradication. Should NLZM be dissatisfied with the Ministry's counter-proposal it shall have an additional 30 days within which to make written representations to the Ministry, upon consideration of which the Ministry shall notify NLZM of the final terms and conditions upon which the Ministry is prepared to grant the Mining Licence.

On 2 June 2016, the Ministry informed NLZM that it is still reviewing the ML Proposal and that it shall respond to NLZM within 30 days, being on or before 2 July 2016.

As at the date of the issue of the Circular, the Group still awaits a formal response from the Ministry on the ML Proposal of 25 April 2016 and to queries raised by the Company in February 2016 on the Supplemental Terms & Conditions.

Failure by the Group to reach agreement on the ML Proposal and/or obtain the Mining Licence on commercially viable Supplementary Terms & Conditions may, in turn, materially jeopardize the viability of the Namib Project and the Group's business.

### **Political and Other Potential Country Risks**

The Group's operations are based in Namibia. Whilst the Namibian government has been stable for many years, the Company could be subject to the political, economic and social factors affecting both Africa generally and Namibia in particular, including regional diplomatic developments and changes in laws, regulations and policies. Government actions, changes in government or ministry personnel or changes in political conditions (and the impact thereof on the domestic economy) in the future could have a significant effect on political or economic conditions in Namibia, which could adversely affect the Group's business and its financial results. Please refer to the risk factor titled "Draft NEEEF Bill" below.

In addition, the Group may be adversely affected by changes in judicial, administrative, taxation or other regulatory factors in the United Kingdom or elsewhere.

### **Draft NEEEF Bill**

The draft NEEEF Bill has been published which, if enacted, could set out obligations for companies, irrespective of sector, in respect of, *inter alia*, ownership and management participation by previously disadvantaged Namibians. Certain obligations under the proposed NEEEF Bill are inconsistent with those laid down under the Supplementary Terms & Conditions to the Notice of Preparedness to Grant the Mining Licence received by the Company and dated 28 January 2016. The extent to which the proposed NEEEF Bill would place obligations on the Namib Project and the timeframe for finalising and enacting the NEEEF Bill is not clear at this stage, but will undoubtedly be an area on which the Company will need further clarity in due course.

### **Labour Risk**

The Group needs to employ both skilled and unskilled labour force to undertake its exploration, evaluation and development programme. The labour risk identifies that a suitably skilled labour force may not be

available. To mitigate the risk, the Group has undertaken to train employees in the skills required and will engage suitably skilled specialists as required.

### **Joint Ventures**

Members of the Group hold interests in joint ventures. Joint ventures involve special risks associated with the possibility that the joint venture partners may: (i) have economic or business interests or targets that are inconsistent with those of the Group; (ii) take action contrary to the Group's policies or objectives with respect to their investments, for instance by veto of proposals in respect of joint venture operations; (iii) be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iv) experience financial or other difficulties. Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Group. In addition, the termination of certain of these joint venture agreements, if not replaced on similar terms, could have a material adverse effect on the results of operations or financial condition of the Group.

### **Competition**

A number of other mining companies operate mineral exploration and development assets in the regions in which the Company currently operates and may operate in the future, thereby providing competition to the Group. Larger companies, in particular, may have access to greater resources than the Group which may give them a competitive advantage.

### **Legal systems**

Jurisdictions in which the Group operates or might operate in the future may have less developed legal systems than more established economies, which could result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

## **SECTION D: RESOURCE SECTOR RISKS**

### **General Business Risk**

The activities of the Group are subject to the usual commercial risks and factors such as competition. In addition, economic conditions may generally affect the Group's ability to generate income or achieve its objectives.

### **Environmental Risk**

The Group's operations are subject to existing and possible future environmental and health and safety legislation, regulations and actions which could impose significant costs and burdens on the Group (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of licences or operations, any of which could adversely affect the Group.

### **Resources Risk**

The potential resources of the Group's projects have been independently reviewed and confirmed. However, the figures for potential resources are estimates and no assurance can be given that the anticipated tonnage and grades will be achieved. The exploration of mineral rights is speculative in nature and is frequently unsuccessful. Therefore, the Company may not define resources that can be economically exploited. The Directors are committed to complying with and reporting under the JORC Code and this reporting will be done by competent persons as defined by the JORC Code.

### **Volatility of Mineral Prices**

The activities of the Group and the viability of its projects will be subject to fluctuations in demand and prices for minerals generally. A significant reduction in global demand for the minerals to be sold by the Group, leading to a fall in prices, could lead to a delay in exploration and production or even abandonment of one or more of the Group's projects should they prove uneconomical to develop.

There is also uncertainty as to the possibility of increases in world production both from existing mines and as a result of mines currently closed being reopened in the future if price increases make such projects economic. Consequently, price forecasting can be difficult to predict or imprecise. Any future income from mineral sales may be subject to exchange rate fluctuations and become subject to exchange control or similar restrictions.

The availability of a ready market for the minerals expected to be produced by the Group depends upon numerous factors beyond its control. These factors (the list of which is not exhaustive) include: general economic activity, world metal market prices, action taken by other producing nations, the availability and pricing of other substitute minerals, the extent of governmental regulation and taxation. The aggregate effect of these factors on the Group's activities is difficult to predict.

### **Exploration Risk**

Whether or not income will result from the Group's projects depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and mineral prices affect successful project development, as does the design and construction of efficient processing facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants.

Mineral exploration is speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any discovered mineralisation will result in an increase in the reserves or resources of the Group. If reserves are developed, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine processes to extract minerals and, in the cases of new properties, to construct mining and processing facilities. Even if the Group recovers commercial quantities of minerals, there is a risk that it will not achieve a commercial return. For example, the Group may not be able to transport the minerals to commercially viable markets at a reasonable cost or may not be able to sell the minerals to customers at a price and quantity which would cover its operating and other costs.

Exploration and evaluation may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. Adverse weather conditions over a prolonged period could also negatively affect exploration, mining and drilling operations and the timing of earning revenues.

As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

### **Mining risk**

The business of the development and exploitation of mineral deposits involves a high degree of risk. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards (including discharge of pollutants or hazardous chemicals), industrial and mechanical accidents, occupational and health hazards, unscheduled plant shutdowns or other processing problems, technical failures, labour

disputes, unusual or unexpected rock formations, unanticipated ground or water conditions, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other acts of God.

The occurrence of any of these hazards may delay or interrupt production, increase production costs and result in liability to the owner or operator of the mine. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

### ***Development Projects***

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated recoveries to be mined and processed, the configuration of the mineral body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

### ***Production Estimates***

Actual production may vary from estimates of future production for a variety of reasons. It is likely that actual production will vary from estimates of production for properties not yet in production.

## **SECTION E: GENERAL RISKS**

### ***Possible volatility of the price of ordinary shares***

The market price of the Existing Ordinary Shares, and the future market price of the New Ordinary Shares, following completion of the Share Capital Reorganisation, may not reflect the underlying value of the Company's net assets and could be subject to significant fluctuations due to a change in sentiment in the market regarding the Company's shares (or securities similar to them) or in response to various factors and events, including any regulatory changes affecting the Group's operations, variations in the Group's operating results and business developments of the Group or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations which have affected the market prices for securities which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares. The trading prices of the New Ordinary Shares may go down as well as up and Shareholders may, therefore, not recover their original investment costs.

### ***Substantial sales of New Ordinary Shares could cause the price of New Ordinary Shares to decline***

There can be no assurance that the Directors or other shareholders will not elect to sell their New Ordinary Shares when they are legally entitled so to do. The market price of New Ordinary Shares could decline as a result of any sales of such New Ordinary Shares or as a result of the perception in the market which may occur as a result of such a sale. If these or any other sales were to occur, the Company may in the future have difficulty in offering or selling New Ordinary Shares at a time or at a price it deems appropriate.

### ***General Economic Conditions***

Market conditions, particularly those affecting resource companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or Government legislation or policy. Market perception of resource companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.



### ***Insurance Risk***

The Company has in place indemnity insurance to protect the Group's assets. The insurance obtained also indemnifies the insurable interests of the Group. However, the insurance coverage may prove inadequate to satisfy potential claims and losses.

Further, the Group may become subject to liabilities that cannot be insured against or against which it may elect not to be insured fully or at all because of high premium costs.

### ***Litigation Risk***

Legal proceedings may arise from time to time in the course of the Company's business. The Company cannot preclude the possibility that litigation may be brought against it or other companies in the Group.

### ***Legal Risk***

There is a possibility that new legislation or regulations in any relevant jurisdiction may be adopted in the future that may materially adversely affect the Group's operations or its cost structure. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require the Group or its suppliers or customers to change operations significantly or incur increased costs which could have a material adverse effect on the financial results of the Group.

### ***Key Personnel and Management Risks***

There can be no assurance that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of management to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Group is, and will continue to be to a significant extent, dependent on the expertise and experience of the Directors and senior management.

Whilst the Group has entered into contractual arrangements with the aim of securing the services of the existing management team, the retention of their services cannot be guaranteed. Accordingly, the loss of one or more could have a material adverse effect on the Group.

### ***Dividends***

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. As a matter of English law, the Company can pay dividends only to the extent that it has distributable reserves available which, as the Company is a group holding company is dependent on the Company's ability to receive funds for such purposes, directly or indirectly, from operating subsidiaries in a manner which creates distributable reserves for the Company. The Company's ability to pay dividends to shareholders is therefore a function of existing Group distributable reserves, future Group profitability, the ability to distribute or dividend profits from subsidiaries up the Group structure to the Company and other factors that the Directors deem significant from time to time, such as capital requirements and general economic conditions. There can be no guarantee that the Company will pay dividends in the foreseeable future.

### ***Forward looking statements***

This Circular contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and

future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law.

**This list of risk factors should not be considered an exhaustive statement of all potential risk and uncertainties.**

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors, whose names appear in paragraph 6.1 of this Part V, accept responsibility for the information contained in this Circular, other than: (i) the recommendations set out in paragraph 23 of Part I, for which only the Independent Directors accept responsibility; and (ii) the information relating to Greenstone for which Greenstone accepts responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Greenstone is a limited partnership, which was established in Guernsey, Channel Islands on 16 July 2013 and was registered with the GFSC as a closed ended investment fund on 8 August 2013. Greenstone was established with the purpose to pursue investments in post-exploration metals and mining projects (from pre-feasibility study through to production stages) in both developed and emerging markets. Greenstone's manager and general partner is GML, a non-cellular Guernsey company limited by shares. GML's directors are Michael Haworth, Mark Sawyer, Sadie Morrison and Joanna Duquemin Nicolle. GML is licensed by the GFSC to carry out the activities of promotion, subscription, registration, dealing, management, administration and advising with registration number 2103131. Investment decisions relating to Greenstone are taken by GML.
- 1.3 Accordingly, the directors of GML accept responsibility for the information contained in this Circular relating to Greenstone. To the best of the knowledge and belief of the directors of GML (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Information on the Group and Greenstone

##### 2.1 *The Group*

The legal and commercial name of the Company is North River Resources Plc.

- 2.1.1 The Company was incorporated and registered in England and Wales on 13 July 2006 under the Companies Act 1985 as a public company limited by shares with registered number 5875525. The domicile of the Company is England and Wales.
- 2.1.2 The Company's registered office is, as at the date of this Circular, at 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR. With effect from 18 July 2016, the Company registered office address shall be 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR.
- 2.1.3 The principal legislation under which the Company operates and under which the New Ordinary Shares will be created is the Act and the Company is subject to the AIM Rules. The liability of the members of the Company is limited.
- 2.1.4 The Company is the ultimate parent company of the Group. All operating activities are conducted by companies which are members of the Group. The significant subsidiaries of the Company are listed in paragraph 2.6 below.
- 2.1.5 The following table shows the significant subsidiaries of the Company (being those subsidiaries that the Company considers are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses).

<i>Company Name</i>	<i>% owned by the Company</i>	<i>Country of Incorporation</i>	<i>Principal activity</i>
NRR Energy Minerals Limited	100%	United Kingdom	Exploration and mining
NRR Mozambique Limited	100%	United Kingdom	Exploration and mining
West Africa Gold Exploration (Namibia) (Pty) Ltd	100%	Namibia	Exploration and mining
Namib Lead and Zinc Mining (Pty) Ltd	100%	Namibia	Exploration and mining
North River Resources Namibia (Pty) Ltd	100%	Namibia	Administration
North River Resources (Mavuzi) Limitada	100%	Mozambique	Inactive
North River Resources (Murrupula) Limitada	100%	Mozambique	Exploration and mining

## 2.2 **Greenstone**

Greenstone's investment to date in the Company is held directly by Greenstone. Greenstone was established in Guernsey, the Channel Islands on 16 July 2013 and was registered with the GFSC as a closed ended investment fund on 8 August 2013. Greenstone's registered office is situated at 1st Floor Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX, Channel Islands. Greenstone was established with the purpose to pursue investments in post-exploration metals and mining projects (from pre-feasibility study through to production stages) in both developed and emerging markets. The size of the Greenstone fund is approximately US\$150 million and around 5 (five) investments have been made to date.. Greenstone's manager and general partner is GML, a non-cellular Guernsey company limited by shares. Investment decisions relating to Greenstone and its investments, including in relation to the Greenstone Shares and the Company, are solely taken by the board of GML. GML is licensed by the GFSC to carry out the activities of promotion, subscription, registration, dealing, management, administration and advising.

GML's directors are Michael Haworth, Mark Sawyer, Sadie Morrison and Joanna Duquemin Nicolle. All directors are appointed on the basis of GML's memorandum and articles of incorporation. All board meetings are held in Guernsey, the place of management of GML and Greenstone. Set out below is a brief resume of each GML director:

- **Mark Sawyer** (46 years):

Mark co-founded Greenstone in 2013 with Michael Haworth after a 16 year career in the mining sector including senior executive roles in Xstrata plc, Rio Tinto plc and Cutfield Freeman & Co Ltd. Together with his fellow directors of GML, Mark oversees all aspects of the management of Greenstone. Mark serves as both a director of GML and member and co-chairman, of GML's board.

- **Michael Haworth** (50 years):

Michael co-founded Greenstone in 2013 with Mark Sawyer after a 16 year career in the mining sector including roles as Managing Director at JP Morgan and Head of Mining and Metals Corporate Finance in London. Since leaving JP Morgan in 2006, Michael founded and subsequently listed Zanaga Iron Ore Company and Ncondezi Coal Company, both on AIM. Together with his fellow directors of GML, Michael oversees all aspects of the management of Greenstone. Michael serves as both a director of GML and member and co-chairman, of GML's board.

- **Sadie Morrison** (53 years):

Sadie has been the managing director of Elysium Fund Management Limited since its formation in 2006. Sadie joined Collins Stewart Fund Management Limited in early 2006 where she had principal responsibility for open ended fund management and administration. Prior to joining

Collins Stewart Fund Management Limited, Sadie spent 18 years with the Bank of Bermuda (Guernsey) Limited (latterly HSBC) and was involved with the provision of administration and company secretarial services to a diverse range of open and closed ended companies traded on AIM or listed on the main market of the London Stock Exchange and The Channel Islands Stock Exchange. As well as working with Guernsey entities, Sadie has experience of working with multi-jurisdictional entities having administered Bermudian, Cayman Islands, British Virgin Islands, Mauritian and Jersey registered entities. Sadie qualified as an associate of The Chartered Institute of Secretaries and Administrators in 1996. Together with her fellow directors of GML, Sadie oversees all aspects of the management of Greenstone.

- **Joanna Duquemin Nicolle** (45 years):

Joanna has been the chief executive officer of Elysium Fund Management Limited since its formation in 2006. Joanna was previously a director and the company secretary of Collins Stewart Fund Management Limited from its inception in 1998 where she was involved with corporate finance assignments and stock exchange listing work in addition to fund administration and company secretarial duties. Joanna has experience in the provision of administration and company secretarial services to a diverse range of companies traded on AIM or listed on Euronext, the main market of the London Stock Exchange and The Channel Islands Stock Exchange. Joanna qualified as an associate of The Chartered Institute of Secretaries and Administrators in 1994. Together with her fellow directors of GML, Joanna oversees all aspects of the management of Greenstone.

The Shareholders of GML are Mark Sawyer and Salamanca Trustees (Jersey) Limited, acting in their capacity as trustees for a discretionary trust of which Michael Haworth is a potential beneficiary.

Greenstone has a number of limited partners, each with certain economic but no voting rights that would permit or enable the limited partners to control or have any involvement in the management of Greenstone.

Mark Sawyer and Michael Haworth have invested in and are interested in 0.58 per cent. of Greenstone as limited partners, in addition to their interests as directors and shareholders of GML described above.

### 3. Share Capital

3.1 The following table shows the issued share capital of the Company as at the date of this Circular and on completion of the Share Capital Reorganisation, Placing, the Open Offer and the Greenstone Placing (assuming full subscription for the Open Offer and the Placing, and conversion of 30 per cent. of the Loan Notes (following repayment of 70 per cent. of the Loan Notes out of the proceeds of the Open Offer and Placing):

	£	<i>Issued Shares</i> Number	<i>Nominal Value</i>
Date of this Circular	£4,398,183.69	2,199,091,843	0.2 pence
Completion of the Open Offer and Placing (assuming full take-up)	£6,158,680.28	3,079,340,141	0.2 pence
Conversion of 30 per cent. of the Loan Notes (following repayment of 70 per cent. of the Loan Notes) <sup>1</sup>	£2,639,434.41	1,319,717,203	0.2 pence
Conversion of 100 per cent. of the Loan Notes (where the Loan Notes are not repaid) <sup>1</sup>	£8,798,114.69	4,399,057,344	0.2 pence
Completion of the Share Capital Reorganisation	52,785.19	26,392,596	0.2 pence

<sup>1</sup> Please refer to the notes to the Illustrative Statistics on page 7 of this Circular.

3.2 Following the implementation of the Act, the Company does not have an authorised share capital.

3.3 The Directors currently have insufficient authority to issue and allot the Open Offer Shares, Placing Shares and New Greenstone Shares in full in accordance with the 2006 Act, and so Resolutions 3

and 6 are proposed in order to provide the Company with sufficient capacity to issue and allot: (i) the Open Offer Shares generally and free of statutory pre-emption rights; (ii) the Placing Shares generally and free of statutory pre-emption rights; (iii) the New Greenstone Shares generally and free of pre-emption rights; and (iv) further Equity Securities generally and free of statutory pre-emption rights over the relevant period up to an aggregate nominal value of £24,000 in order to accelerate development of the Company's assets and to meet general working capital requirements (if the Directors consider this appropriate and in the best interests of the Company).

- 3.4 Save as disclosed in paragraph 3.3.1 above, the provisions of section 561 of the Act, which, to the extent not disapplied pursuant to section 570 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash (other than allotments to employees under employee share schemes), apply to the authorised but unissued share capital of the Company. The 2006 Act allows the disapplication of the statutory pre-emption rights, by a special resolution of Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 3.5 No securities of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.6 The Existing Ordinary Shares are not, and neither shall the New Ordinary Shares be, redeemable.
- 3.7 Following completion of the Share Capital Reorganisation, the Company shall have created the Deferred Shares, details of which are set out in Section B of Part I of this Circular. No Deferred Shares are, or shall be, issued.

#### **4. Articles of Association**

A copy of the Articles of Association can be located at the Company's website [www.northriverresources.com](http://www.northriverresources.com). Hard copies of the Articles of Association can be obtained from the company secretary by telephoning +44(0) 207 264 4444.

#### **5. Public takeover bids in the last and current financial years**

There have been no public takeover bids by third parties in respect of the share capital of the Company in the last financial year ended 31 December 2015 or in the current financial year ending 31 December 2017.

#### **6. Existing Directors and Further Information**

- 6.1 The Directors and their respective functions are as follows:

Rodney Beddows (*Independent Non-Executive Chairman*)

James Beams (*Chief Executive Officer*)

Keith Marshall (*Independent Non-Executive Director*)

Kenneth Sangster (*Independent Non-Executive Director*)

Mark Sawyer (*Non-Executive Director*)

Mark Thompson (*Independent Non-Executive Director*)

- 6.2 As at the close of business on 27 June 2016, being the last practicable date prior to publication of this Circular, the interests of the Directors and their immediate families and the persons connected with them (within the meaning of sections 252 to 255 of the Act) in relevant securities (whether by interests, rights to subscribe or short positions) of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director are as follows:

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Issued Share Capital as at the date of this Circular</i>
Rodney Beddows	–	–
James Beams	48,575,130	2.21
Keith Marshall	10,000,000	0.45
Ken Sangster	5,000,000	0.23
Mark Thompson	28,571,429	1.30
Mark Sawyer*	659,507,644	29.99

*\*Note: held indirectly through Greenstone. Mark Sawyer does not have any direct interest in the Existing Ordinary Shares or any options over Existing Ordinary Shares but is a founding limited partner of Greenstone and director and founding shareholder of Greenstone Management Limited, the general partner of Greenstone. Greenstone also holds the 2015 Convertible Loan Notes pursuant to the terms of the 2015 Greenstone Placing.*

- 6.3 As at 27 June 2016, being the last practicable date prior to the publication of this Circular, the Directors held no options in the Company.
- 6.4 None of the Directors or any member of their respective families (as defined in the AIM Rules) has a related financial product (as defined in the AIM Rules) referenced to the Existing Ordinary Shares.
- 6.5 Save as disclosed in this paragraph 6 of this Part V, none of the Directors nor any person connected with them, has any interest in the share capital of the Company or of any of its subsidiary or associated undertakings or any rights to subscribe for or to convert any security into Existing Ordinary Shares.
- 6.6 Since 1 January 2016 (being the date of the commencement of the current financial year of the Company) no options over Existing Ordinary Shares have been issued to any Directors or persons connected with them.
- 6.7 During the period of 12 months preceding the date of this Circular, the following dealings by Directors in the Existing Ordinary Shares occurred:
- (i) in relation to Mark Sawyer, who was nominated to the Board by Greenstone, the dealings set out in paragraph 6.8 below;
  - (ii) on 7 October 2015, the Company issued the following Existing Ordinary Shares to certain of the Directors<sup>1</sup> pursuant to the 2015 Placing:

<i>Director</i>	<i>No. Existing Ordinary Shares</i>	<i>Consideration</i>
James Beams	48,575,130	£97,150
Keith Marshall	10,000,000	£20,000
Kenneth Sangster	5,000,000	£10,000

<sup>(1)</sup> 3,238,342 Existing Ordinary Shares were also issued to Brett Richards for a total consideration of £6,477. Brett Richards ceased to be a director and chairman of the Company on 9 December 2015.

- 6.8 During the period of 12 months preceding the date of this Circular, there were no dealings by Greenstone or any party acting in concert with it for the purposes of the Code in the Existing Ordinary Shares, save as follows:
- (i) on 8 September 2015, US\$1.2 million of convertible loan notes were issued to Greenstone pursuant to the terms of the 2015 Investment Agreement, convertible into Existing Ordinary Shares at a conversion price of US\$0.003082;
  - (ii) on 7 October 2015, the Company issued 94,649,198 Existing Ordinary Shares to Greenstone on conversion of US\$291,708.83 of the convertible loan notes referred to in (i) above; and
  - (iii) on 28 October 2015, the Company issued US\$2,218,835<sup>(1)</sup> of convertible loan notes to Greenstone pursuant to the terms of the 2015 Investment Agreement, convertible into Existing Ordinary Shares at a conversion price of US\$0.003082.

<sup>(1)</sup> Due to a typographical error, this figure was reported at US\$2,218,335 in the Company's 2015 Annual Report.

6.9 At the date of this Circular, Greenstone's interests (whether by interests, rights to subscribe or short positions) in any relevant securities of the Company are as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>% of Issued Share Capital as at the date of this Circular</i>	<i>Number of convertible loan notes and/or options (in respect of Existing Ordinary Shares)</i>
Greenstone	564,858,446	29.99	US\$3,127,126.17 <sup>(1)</sup>

<sup>(1)</sup> Outstanding balance of the 2015 Convertible Loan Notes, which will be fully repaid and cancelled through the issue of the Loan Notes to Greenstone, in accordance with the terms of the Subscription Agreement.

6.10 Save as disclosed in paragraph 6.9 above, as at the last day of the disclosure period, neither Greenstone nor any party acting in concert with it has any interest in rights to subscribe for or short positions (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery) in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person dealt therein or lent or borrowed relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have been on-lent or sold, during the disclosure period. There are no indemnities or other dealing arrangements to which Note 11 on the definition of acting in concert as set out in the Code would apply between Greenstone (or any party acting in concert with it) and any third party.

6.11 Save as disclosed in paragraph 6.2 above, as at the last day of the disclosure period, neither the Company, nor any of the Directors, nor any other person acting in concert with the Company has any interest in, right to subscribe for or short positions (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person dealt therein or lent or borrowed relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have been on-lent or sold, during the disclosure period. There are no indemnities or other dealing arrangements to which Note 11 on the definition of acting in concert as set out in the Code would apply between the Company (or any party acting in concert with it) and any third party.

6.12 Save as disclosed in paragraph 6.10 above and otherwise in this Circular, as at the last day of the disclosure period, neither the Company, any of the Directors, nor any other person acting in concert with the Company has any interest in, right to subscribe for or short positions (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of Greenstone, and nor has any such person dealt therein or lent or borrowed relevant securities of Greenstone (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have been on-lent or sold, during the disclosure period. There are no indemnities or other dealing arrangements to which Note 11 on the definition of acting in concert as set out in the Code would apply between the Company (or any party acting in concert with it) and any third party.

6.13 As at the last day of the disclosure period:

- (a) no person is acting in concert with the Company;
- (b) no person with whom the Company or any person acting in concert with the Company has an arrangement of the kind referred to in Note 11 of the definition of acting in concert set out in the Code, owns or controls, or has, directly or indirectly, any interest in, right to subscribe for or short position (whether conditional or absolute and whether in the money or otherwise) including



any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant securities of the Company, and nor has any such person dealt therein or lent or borrowed relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) during the disclosure period.

- 6.14 The Company is not aware of any persons (other than Greenstone as described in this Circular) who directly or indirectly, jointly or severally, exercise or could exercise Control over it.
- 6.15 On completion of the Financing Proposals set out in this Circular, all the Directors intend to continue in their respective roles.
- 6.16 It is not intended that any incentivisation arrangements or changes in Director emoluments or agreements with Directors be put in place with the Company's management as a result, or following completion, of the Greenstone Placing.
- 6.17 The Company has not entered into any inducement fee, or other arrangement having a similar or comparable financial or economic effect, relating to the Greenstone Placing.
- 6.18 There are no agreements, arrangements or understandings (including any compensation arrangement) existing between Greenstone and any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company, or any person interested or recently interested in Existing Ordinary Shares, having any connection with, or dependence upon, the approval by Shareholders of the Financing Proposals set out in this Circular.
- 6.19 As at the date of this Circular, no agreement or arrangement or understanding exists by which beneficial ownership of any Existing Ordinary Shares to be acquired by Greenstone will be transferred to any other person.
- 6.20 Save as disclosed in this Circular, there has been no significant change in the financial or trading position of the Company subsequent to the publication of the latest audited financial statements of the Company for the year ended 31 December 2015.
- 6.21 Greenstone has confirmed that it does not currently intend, irrespective of whether or not it obtains any increase in its shareholding as a result of the Financing Proposals, to seek any change in the general nature and strategy of the Company's business, nor does it currently intend to take any action, other than as provided pursuant to its rights under the Relationship Agreement or as reasonably required in the ordinary course of the Company's business, to alter the management of the Company or the continued employment of its employees (including any material change in conditions of employment), employer contributions into the Company's pension schemes, the location of the Company's places of business, the maintenance of the Company's trading facilities of its shares or the deployment of the Company's fixed assets.
- 6.22 The following table sets out financial information in respect of the Company as required by Rule 24.3(a) of the Code, subject as set out below. The documents referred to in the table, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this Circular by reference pursuant to Rule 24.15 of the Code. If you are reading this Circular in hard copy, please enter the web addresses below in your web browser to be brought to the relevant document. If you are reading this Circular in soft copy, please click on the web addresses below to be brought to the relevant document:

<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page number(s) in such document</i>
Annual Report and Accounts for the Company for the year ended 31 December 2015 (available for viewing on the Company's website at <a href="http://www.northriverresources.com/documents/2015Reportandaccounts20160531V2-CLEAN.pdf">http://www.northriverresources.com/documents/2015Reportandaccounts20160531V2-CLEAN.pdf</a> )	Consolidated Statement of Comprehensive Income	11
	Consolidated Statement of Financial Position	12
	Consolidated Changes in Equity	11/12
	Consolidated Statement of Cash Flows	12/13
	Notes to the Interim Consolidated Financial Information	14-37
	Unaudited Interim Results for the Company for the six months ended 30 June 2015 (available for viewing on the Company's website at <a href="http://www.northriverresources.com/documents/NRRInterimResults150930_001.pdf">http://www.northriverresources.com/documents/NRRInterimResults150930_001.pdf</a> )	Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position		4/5
Consolidated Changes in Equity		5
Consolidated Statement of Cash Flows		6
Notes to the Interim Consolidated Financial Information		7-14
Annual Report and Accounts for the Company for the year ended 31 December 2014 (available for viewing on the Company's website at <a href="http://www.northriverresources.com/documents/165131NorthRiverResourcesRandA_000.pdf">http://www.northriverresources.com/documents/165131NorthRiverResourcesRandA_000.pdf</a> )		Consolidated Statement of Comprehensive Income
	Consolidated and Parent Company Statements of Financial Position	25
	Consolidated and Parent Company Statements of Changes in Equity	26
	Consolidated Parent Company Statements of Cash Flows	28
	Notes to the Financial Statements	29-54
	Independent Auditors' Report	22-23
Unaudited Interim Results for the Company for the six months ended 30 June 2014 (available for viewing on the Company's website at <a href="http://www.northriverresources.com/documents/InterimResults30.09.14_004.pdf">http://www.northriverresources.com/documents/InterimResults30.09.14_004.pdf</a> )	Consolidated Statement of Comprehensive Income	3/4
	Consolidated Statement of Financial Position	4/5
	Consolidated Changes in Equity	5/6
	Consolidated Statement of Cash Flows	6
	Notes to the Interim Consolidated Financial Information	6-13
	Annual Report and Accounts for the Company for the year ended 31 December 2013 (available for viewing on the Company's website at <a href="http://www.northriverresources.com/documents/FinalAnnualReportandAccounts2013_000.pdf">http://www.northriverresources.com/documents/FinalAnnualReportandAccounts2013_000.pdf</a> )	Consolidated Statement of Comprehensive Income
Consolidated and Parent Company Statements of Financial Position		20
Consolidated and Parent Company Statements of Changes in Equity		21
Consolidated Parent Company Statements of Cash Flows		23
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Independent Auditors' Report		17-18

Any Shareholder, person with information rights or other person to whom this Circular is lawfully sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. To request a hard copy, please contact the Company Secretary, Ben Harber at [ben.harber@shma.co.uk](mailto:ben.harber@shma.co.uk) or on +44 (0) 207 264 4366.

6.23 Greenstone is not required under Guernsey law to make its accounts publicly available. Greenstone is required to provide its accounts to its limited partners and to the GFSC (which do not, in turn, make Greenstone's accounts publicly available). Accordingly, Greenstone is not providing details of its historical financial information in this Circular.

6.24 In this Part V:

"relevant securities" means the Existing Ordinary Shares and other securities convertible into, or exchangeable for, rights to subscribe for options in respect of, or derivatives referenced to, any of the foregoing;

"disclosure period" is the 12 month period commencing on 27 June 2015 and ending on 27 June 2016 (being the last practicable date prior to the posting of this Circular);

"Control" is defined as an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control;

"dealing" or "dealt" includes the following:

- (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) the exercise of conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
- (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

"derivative" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

a person having an "interest" or treated as "interested" in any securities as if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as "interested" in securities if:

- (i) he owns them;
- (ii) he has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase, option or derivative he: (a) has the right or option to acquire them or call for their delivery; or (b) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (iv) he is a party to any derivative: (a) whose value is determined by reference to their price; and (b) which results, or may result, in his having a long position in them;

“short position” means any short position (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## **7. Service Agreements of the Directors**

7.1 The details of the service agreements or letters of appointment of the Directors are as follows:

### ***Mark Sawyer***

Mark Sawyer is Greenstone’s nominee to the Board. He has not entered into an agreement with the Company governing his role as a non-executive member of the Board. His appointment is regulated by the Relationship Agreement. He is not remunerated for his position as Director.

### ***Keith Marshall***

Keith Marshall entered into an agreement with the Company governing his role as a non-executive member of the Board on 15 January 2015.

The agreement provides for Keith Marshall to receive from the Company an annual director’s fee of £24,000 for service on the Board (or such higher rate as may from time to time be agreed in writing). The agreement also provides that Keith Marshall shall be fully reimbursed for all reasonable expenses which he may incur in the proper performance of his duties and in accordance with the Company’s normal procedures. The Company has agreed to provide officer and director indemnity insurance while Keith Marshall remains a director.

Keith Marshall’s appointment as a director continues annually from the date of appointment until the date of the next AGM, at which time the parties may agree to extend the appointment for a subsequent term or terms.

Keith Marshall has agreed that he will not use or disclose amongst other things any trade secrets, business secrets, information concerning the business or finances of the Group or any client, customer or supplier of the Group.

The agreement may be terminated by the Company on summary notice in the event of any material breach by Keith Marshall of his obligations under the agreement or in the event that he is prohibited by law from acting as a director or is subject to a bankruptcy event. The agreement shall terminate automatically if:

- (a) Keith Marshall fails to be re-elected upon standing for re-election at the AGM; or
- (b) if Keith Marshall resigns by giving reasonable notice to the Board.

The agreement is governed by English law and the parties submit to the jurisdiction of the courts and tribunals of England and Wales.

### ***Mark Thompson***

Pursuant to an agreement dated 22 October 2014, the Company entered into an agreement governing Mark Thompson’s role as a non-executive member of the Board on terms substantially the same as those for Keith Marshall. Mark Thompson currently receives a directors’ fee of £24,000 per annum.

### ***Ken Sangster***

Pursuant to an agreement dated 21 January 2015, the Company entered into an agreement governing Ken Sangster’s role as a non-executive member of the Board on terms substantially the same as those for Keith Marshall. Ken Sangster currently receives a directors’ fee of £24,000 per annum.

### ***Rodney Beddows***

Pursuant to an agreement dated 16 December 2015, the Company entered into an agreement governing Rodney Beddows’ role as a non-executive director of the Board on terms substantially the same as those for Keith Marshall. Rodney Beddows receives a directors’ fee of £48,000 per annum.

### **James Beams**

Pursuant to informal employment arrangements James Beams is employed by the Company as CEO on the following terms:

- (a) James Beams' employment took effect from 20 January 2015 and will continue until terminated. During the term of his employment, James Beams agrees to take on certain general and specific duties, all of which may be performed in relation to any related body corporate of the Company as the board may reasonably require.
- (b) Either party may terminate the arrangements on giving the other party six (6) months prior written notice.
- (c) The Company will be entitled to terminate James Beams' employment summarily, without, notice in certain circumstances, including where James Beams has committed a fundamental breach of his obligations or has been disqualified from being a director.
- (d) The Company may also terminate James Beams' employment at any time with immediate effect by giving written notice that the Company shall pay in lieu of notice.
- (e) All intellectual property rights devised, deployed or created by James Beams during the period of his employment and relating to the Company or any related body corporate of the Company shall belong to, and be the absolute property of the Company or such other related body corporate as the Company may nominate.
- (f) James Beams has agreed that he will not use or disclose any confidential information of the Company, which information includes, among other things, trade and business secrets. James Beams has also agreed to a number of restrictive covenants following the termination of his employment, including refraining from competing with the Company's business and from recruiting or soliciting employees and/or clients during the period of six (6) months after the termination of his employment.
- (g) James Beams is entitled to receive an annual salary of £160,000. In addition James Beams is entitled to be remunerated for all reasonable expenses incurred during the performance of his duties in relation to the Company and its related bodies corporate.
- (h) James Beams has the right to take twenty (20) working days' holiday at full salary.
- (i) James Beams may be entitled to receive a discretionary bonus of up to 100 per cent. of his annual base salary dependent upon meeting performance criteria.
- (j) James Beams is also entitled to participate in the Company's long term incentive plan whereby he shall, subject to the rules of the plan and the performance criteria thereunder, be entitled to an award of shares in the Company, having a value up to his annual base salary.

7.2 Save as disclosed above, there are no provisions in the service agreements or letters of appointment described in this paragraph 7 of this Part V for payments or compensation to be payable to any of the Directors for the early termination of their service agreements or letters of appointment other than payments in respect of their contractual notice periods, change of control and any statutory entitlements arising by reason of such early termination.

7.3 Save as disclosed above, there are no other provisions in the service agreements or letters of appointment described in this paragraph 7 of this Part V regarding the Directors' fees or remuneration (including salary and other benefits) or bonus or commission or profit sharing arrangements and none of the Directors has a service agreement or letter of appointment with any other company in the Group.

## **8. United Kingdom Taxation**

The following information is intended only as a general guide to individuals and companies that are resident in the United Kingdom (UK) for UK tax purposes. Special rules apply to UK resident individuals who are not domiciled in the UK; those rules are not described in this summary. The summary is based upon existing tax legislation and current HM Revenue and Customs published practice, both of which are subject to change at any time, possibly with retrospective effect.

These statements do not apply to certain classes of shareholders, such as dealers in securities, or to shareholders who are not absolute beneficial owners of their Existing Ordinary Shares.

The statements below do not constitute advice to any person.

Any person who is in any doubt as to their tax position should consult their professional adviser without delay.

### 8.1 **Tax residence of the Company**

The Company is incorporated and registered in England and Wales, and is treated as being resident in the United Kingdom for tax purposes.

### 8.2 **Dividends**

Under current UK tax legislation, no UK tax is withheld from dividends paid by the Company.

Liability to UK income tax is calculated on the sum of the dividend and the tax credit (the “gross dividend”). A UK resident individual shareholder is now entitled to a tax-free £5,000 dividend allowance. The allowance exempts the first £5,000 of a UK resident individual shareholder’s dividend income received in a tax year, but does not reduce the total taxable income. Above the allowance, a UK resident individual shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 7.5 per cent. of the gross dividend.

UK tax resident individual shareholders who are subject to income tax at the higher rate and the additional rate will have to account for additional income tax on dividends received in excess of the £5,000 allowance. The special rate of income tax set for higher rate tax payers who receive dividends is 32.5 per cent. and for the additional rate taxpayers is 38.1 per cent.

In determining what tax rates apply to a UK tax resident individual shareholder, dividend income is treated as the top slice of income.

A shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim repayment of the tax credit (or part of it) in cash from HMRC.

A UK resident corporate shareholder (including authorised unit trusts and open ended investment companies) and pension funds will generally not be liable to UK corporation tax on any dividend received and will not be entitled to payment in cash of a tax credit.

### 8.3 **UK taxation of chargeable gains**

The published practice of HMRC to date has been to treat an acquisition of shares by an existing shareholder up to its *pro rata* entitlement pursuant to the terms of an open offer as a reorganisation but it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all shareholders, as is the case with this offer.

To the extent that the acquisition of Open Offer Shares under the Open Offer is regarded as a reorganisation, the Open Offer Shares acquired by each Eligible Shareholder under the Open Offer and the Existing Ordinary Shares in respect of which they are issued will, for the purposes of UK taxation of chargeable gains, be treated as the same asset and as having been acquired at the same time. The amount paid for the Open Offer Shares will be added to the base cost of the Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

If the acquisition of Open Offer Shares by Eligible Shareholders up to their *pro rata* entitlement pursuant to the Open Offer is not regarded as a reorganisation, those Open Offer Shares would, for the purposes of UK taxation of chargeable gains, be treated as acquired as part of a separate acquisition of Ordinary Shares.

Open Offer Shares acquired by Eligible Shareholders in excess of their *pro rata* entitlement should in any event be treated as acquired as part of a separate acquisition of Open Offer Shares.

A disposal or deemed disposal of Open Offer Shares by a Shareholder who is resident in the UK for tax purposes may give rise to a capital gain (or allowable loss) for the purposes of UK capital gains

tax (where the Shareholder is an individual) and UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

#### 8.4 **Inheritance tax**

For the purposes of UK Inheritance Tax and on the basis that the Company's share register is maintained in the UK, the Open Offer Shares will constitute property situated in the UK. Individuals and trustees, wherever resident, may be liable to inheritance tax in respect of shares gifted during the lifetime or on the death of an individual and on certain other occasions in relation to settled property. 100 per cent. business property relief may be available subject to satisfying the statutory conditions.

#### 8.5 **Stamp duty**

No stamp duty should be payable on the issue by the Company of any Open Offer Shares.

### 9. **Material Contracts**

9.1 The following is a summary of each contract (not being a contract entered into in the ordinary basis of business): (i) to which any member of the Group is or has been a party within the two years immediately preceding the date of this Circular which are, or may be, material; or (ii) that has been entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Circular:

#### 9.1.1 *2014 Greenstone Placing Letter*

On 30 June 2014 the Company entered into a placing letter with Greenstone, pursuant to which Greenstone agreed to subscribe for 33,333,333 ordinary shares of 0.2 pence each in the capital of the Company, at a price of 0.6 pence per ordinary share for a total consideration of US\$340,230 (applying an exchange rate of £1: US\$1.7016).

Pursuant to the terms of the placing letter:

- (a) Greenstone gave certain representations, warranties and undertakings to the Company regarding (*inter alia*) its investor status and its ability to participate in the placing in compliance with all applicable securities laws; and
- (b) the Company gave certain representations and warranties to Greenstone regarding (*inter alia*) the capital structure of the Company, the Company's wholly owned subsidiary NLZM, the Namib Project and the financial position of the Company.

The liability of the Company under the placing letter is limited in a number of ways, including by a financial cap on the Company's liability.

The placing letter is governed by English law, and the parties irrevocably submit to the non-exclusive jurisdiction of the English courts.

#### 9.1.2 *2015 Convertible Loan Note Instrument*

The 2015 Convertible Loan Note Instrument, dated 28 August 2015, constitutes up to US\$4.0 million of 2015 Convertible Loan Notes, plus further 2015 Convertible Loan Notes in respect of unpaid interest as noted in paragraph (e) below.

- (a) The 2015 Convertible Loan Notes shall be convertible at a price equal to the lower of 0.2 pence per new ordinary share converted into US\$ applying an exchange rate of £1.00:US\$1.541 and US\$0.0046413. Save for the 2015 Conversion Requirement (as defined in paragraph (j) below), the Company is not entitled to require conversion of the 2015 Convertible Loan Notes to any extent.
- (b) The ordinary shares to be issued on any conversion of the 2015 Convertible Loan Note Instrument will rank *pari passu* with the fully paid ordinary shares of the Company on issue at the date of allotment of such new ordinary shares.

- (c) The 2015 Convertible Loan Notes have been issued, pursuant to the terms of the 2015 Investment Agreement, in denominations and integral multiples of US\$1.00 in nominal amount (or such other multiples as the Company may permit).
- (d) The 2015 Convertible Loan Notes shall not be listed on AIM or any other recognised investment exchange, whether in the United Kingdom or elsewhere, however the agreement provides that if the 2015 Convertible Loan Notes are not fully converted pursuant to the 2015 Conversion Requirement in accordance with the terms of the 2015 Investment Agreement by 30 October 2015, the noteholders shall, at the request of the Company, cooperate with the Company to achieve a listing of the 2015 Convertible Loan Notes on the Channel Islands Stock Exchange.
- (e) The 2015 Convertible Loan Notes bear interest at a compound rate of 10 per cent. per annum, which shall be payable quarterly in arrears. In the event that the Company fails to pay any amount of interest when due, the noteholder may call for the Company to issue to it further 2015 Convertible Loan Notes at par in satisfaction of such liability in whole or in part by notice in writing to the Company within 40 Business Days after the relevant interest payment date. If the Company fails to pay any amount of interest or principal on any 2015 Convertible Loan Note when such amount is due then, unless and save to the extent any amount of interest is satisfied by the issue of further 2015 Convertible Loan Notes, interest at the standard 10 per cent. per annum rate, plus 2 per cent. per annum shall accrue on the unpaid amount from the due date until the date of payment.
- (f) The 2015 Convertible Loan Notes are repayable on the third anniversary of the date of issue of the US\$1.2 million of 2015 Convertible Loan Notes issued to Greenstone on 8 September 2015 (the “**Tranche One Notes**”) (or, if such date is not a Business Day, the last Business Day prior to such date). On maturity, the Company will pay to the noteholder the full principal amount of the 2015 Convertible Loan Notes to be repaid (less any amounts converted, repaid or redeemed) together with any accrued interest on such 2015 Convertible Loan Notes (less any tax which the Company is required by law to deduct or withhold from such payment but subject to any grossing up required pursuant to the terms of the 2015 Convertible Loan Note Instrument) up to and including the date of payment. Save with noteholder consent, the Company does not have the right to repay the 2015 Convertible Loan Notes early.
- (g) The 2015 Convertible Loan Notes are subject to certain events of default, the most salient details of which are summarised below (each being an event of default):
  - (i) the Company fails to pay any principal or interest on any of the 2015 Convertible Loan Notes within 10 Business Days after the due date for payment thereof (and such failure continues for 10 Business Days after demand for payment of such sum and is not satisfied by the issue of further 2015 Convertible Loan Notes);
  - (ii) the Company fails duly to perform or comply with any of its obligations under the 2015 Convertible Loan Note Instrument (other than an obligation to pay principal or interest in respect of the 2015 Convertible Loan Notes) and such failure continues for 15 Business Days a request for remedy of such breach;
  - (iii) any indebtedness of the Company or any member of the Group to any third party not being a noteholder is not paid when due or is declared to be or otherwise becomes due and payable prior to its specified maturity or any creditor of the Company or any member of the Group becomes entitled to declare any such indebtedness due and payable prior to its specified maturity and the same is not remedied within 10 Business Days after its occurrence and such failure continues for 10 Business Days after a request for payment by the noteholder or noteholders;
  - (iv) the occurrence of certain insolvency events which are not cured within appropriate grace periods;
  - (v) any encumbrance on or over the assets of the Company or any member of the Group (other than liens arising in the ordinary course of business) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;



- (vi) the Company or any material member of the Group ceases to carry on the business it carries on at the date of the 2015 Convertible Loan Note Instrument;
  - (vii) any licence relating to the Namib Project is terminated for whatever reason or any act or event occurs which in the reasonable opinion of the noteholder or a majority of noteholders, may entitle the Government of Namibia to terminate such licence, in each case other than as a result of the grant of the mining licence in respect of a defined area of land, which is situated within the wider exploration area covered by the exploration licence EPL2902 held by the Company in relation to the Namib Project;
  - (viii) the Company declares or pays any dividends or return of capital in respect of its issued share capital or any part thereof
  - (ix) it is or becomes or will become unlawful for the Company to perform or comply with any of its material obligations under the 2015 Convertible Loan Note Instrument, or any such obligation is not or ceases to be legal, valid and binding and, if capable of remedy, such unlawfulness continues for 10 Business Days after written notice requiring remedy;
  - (x) the recruitment process by the Company, whereby the Company recruits a new Chief Financial Officer, a General Manager of Mining for the Namib Project and a Project Controller for the Namib Project has not concluded to the reasonable satisfaction of noteholders holding a majority of notes, by 30 October 2015;
  - (xi) the net proceeds of the 2015 Greenstone Placing, 2015 Open Offer and the 2015 Placing being applied to any material extent without the prior written consent of noteholders holding a majority of notes, for purposes other than those set out in the Work Programme;
  - (xii) the Company (without the prior written consent of noteholders holding a majority of notes) failing to use such net proceeds to further the Work Programme substantially in accordance with the timescales contained therein and such failure continues after written notice has been given by a noteholders holding a majority of notes to the Company requiring the Company to remedy such failure; and
  - (xiii) the application for the Mining Licence made in April 2014 is rejected or the Mining Licence is issued subject to conditions which in the reasonable opinion of a noteholders holding a majority of notes are unacceptable or, the Mining Licence having been issued, the Mining Licence is terminated for whatever reason or any act or event occurs which in the reasonable opinion of noteholders holding a majority of notes may entitle the Government of Namibia to terminate the Mining Licence.
  - (xiv) At any time after an event of default has occurred, noteholders, holding a majority of the notes may, by notice to the Company, declare that all outstanding 2015 Convertible Loan Notes, accrued interest and all other amounts accrued or outstanding the 2015 Convertible Loan Note Instrument shall be immediately due and payable.
- (h) The 2015 Convertible Loan Notes are unsecured.
  - (i) The 2015 Convertible Loan Note Instrument contains certain standard provisions, dealing with (*inter alia*) automatic conversion on a change of control (save where the same would trigger a Mandatory Offer), adjustment in the event of any variation of the share capital of the Company by way of capitalisation, rights issue, consolidation, subdivision or reduction of capital, the procedure for conversion of the 2015 Convertible Loan Notes, the giving of notices and the procedure for noteholder meetings.
  - (j) Following completion of the 2015 Open Offer and the 2015 Placing, and subject to the continued satisfaction of the 2015 Conditions (as set out in paragraph (k)), Greenstone was required to convert (and the Company and Greenstone agreed the extent to which Greenstone was required to convert) the Tranche One Notes into ordinary shares in accordance with the terms of the 2015 Convertible Loan Note Instrument to the extent that Greenstone was, following such conversion, interested in exactly (and no more than)

29.99 per cent. of the then issued share capital of the Company. Greenstone undertook with the Company that, on such agreement being reached, Greenstone would promptly exercise its conversion rights attaching to the Tranche One Notes to that, and only that, extent (the “**2015 Conversion Requirement**”).

- (k) Greenstone’s obligations under the 2015 Investment Agreement remain subject to the satisfaction or waiver of the following conditions:
  - (i) no material change having occurred prior to the date of the relevant subscription as to the business, assets, capital structure or prospects of the Company, in the reasonable opinion of Greenstone; and
  - (ii) nothing having occurred or failed to occur which amounts to an event of default pursuant to the terms of the 2015 Convertible Loan Note Instrument, or would do so if at the time of the occurrence or failure in question the 2015 Convertible Loan Note Instrument had been executed (conditions (i) and (ii) together being the “**2015 Conditions**”).
- (l) The Convertible Loan Note Instrument is governed by English law, and the parties have irrevocably submitted to the exclusive jurisdiction of the courts of England and Wales.

#### 9.1.3 *2015 RFC Placing Agreement*

A placing agreement between the Company and RFC Ambrian dated 15 September 2015 relating to the 2015 Placing of shares not taken up during the 2015 Open Offer at a price of 0.2 pence per Existing Ordinary Share by RFC Ambrian on behalf of the Company.

The agreement contains warranties from the Company in favour of RFC Ambrian for itself and as trustee for placees under the 2015 Placing in relation to, amongst other things, the accuracy of the information in the 2015 Open Offer circular to Shareholders and other matters relating to the Company and its business. In addition, the Company agreed to indemnify RFC Ambrian in respect of certain liabilities which RFC Ambrian and its associated persons may incur in respect of the 2015 Placing.

In consideration of the agreement of RFC Ambrian to provide its services in connection with the 2015 Open Offer and 2015 Placing, the Company agreed to pay to RFC Ambrian a commission, payable on admission of the Existing Ordinary Shares subscribed under the 2015 Placing to trading on AIM. The Company also agreed to pay to RFC Ambrian all reasonably and properly incurred costs which were directly attributable to work carried out by RFC Ambrian in connection the 2015 Placing and admission of the Existing Ordinary Shares subscribed under the 2015 Placing to trading on AIM.

#### 9.1.4 *Subscription Agreement*

A summary of which is set out in Part III of this Circular.

#### 9.1.5 *Loan Note Instrument*

A summary of which is set out in Part III of this Circular.

#### 9.1.6 *Relationship Agreement*

On 28 June 2016, pursuant to the Subscription Agreement, the Company and Greenstone agreed to enter into a relationship agreement in substitution for a relationship agreement entered into by them on 3 July 2014 (as amended) in order to govern the relationship between the parties.

Pursuant to the Relationship Agreement, *inter alia*:

- (a) Subject to certain qualifications, Greenstone has the following director appointment rights:
  - (i) for so long as the Significant Shareholder Group holds a Significant Interest, but less than 40 per cent. of the voting rights in the Company, it will be entitled to nominate one (1) Director for appointment to the Board;

- (ii) for so long as Significant Shareholder Group holds at least 40 per cent. of the voting rights in the Company, but less than 60 per cent. of the voting rights in the Company, it will be entitled to nominate a total of two (2) Directors for appointment to the Board; and
- (iii) for so long as Significant Shareholder Group holds at least 60 per cent. of the voting rights in the Company, it will be entitled to nominate a total of three (3) Directors for appointment to the Board.

In addition to being able to remove its nominated directors from the Board, Greenstone shall also have the right, where: (a) its Applicable Interest in the Company is greater than 50 per cent; and (b) it is of the view that an Independent Director is no longer suitable for election to the Board; and (c) a majority of Directors, even if not a majority of the independent directors, agrees with Greenstone's view, to give a notice to the nominated advisor of the Company for the purpose of the AIM Rules (from time to time) that it wishes to exercise its shareholder voting rights to remove such Independent Director (the "**Unpropitious Director**"). Following the service of any such notice, the Company's nominations committee will notify Greenstone, within a period of 90 days, as to whether it has identified another person to replace the Unpropitious Director. Where the nominations committee advises Greenstone that it has identified a replacement for the Unpropitious Director, the Company will take such steps as are necessary to effect the appointment of the new director and removal of the Unpropitious Director, and Greenstone and any member of the Significant Shareholder Group will be entitled to exercise their respective voting rights in relation to the same. Where the nominations committee advises Greenstone that it has not identified a replacement for the Unpropitious Director within such period then, subject to certain conditions: (i) the Company will effect the removal of the Unpropitious Director; (ii) Greenstone and any member of the Significant Shareholder Group will be entitled to exercise its voting rights in relation to the same; and (iii) Greenstone will support the appointment of a replacement for the Unpropitious Director through the exercise of its voting rights (and the procurement of the exercise of any voting rights held by any of the other members of the Significant Shareholder Group) when notified to do so by the Company.

Greenstone has agreed that in no other circumstances shall it seek to exercise its voting rights, or procure that any other member of the Significant Shareholder Group exercise its voting rights, so as to cause an Independent Director to be removed from the Board.

The parties agree that the Company shall not be required to pay any director fees to any Director nominated by the Significant Shareholder Group who is a member of the Significant Shareholder Group or of any Associate of the Significant Shareholder Group, but shall, if so requested, pay director fees to any other Director nominated by the Significant Shareholder Group in an amount commensurate with those for non-executive independent directors (in which case Greenstone shall be deemed to have consented thereto for the purposes of the Work Programme).

- (b) So long as the Significant Shareholder Group holds a Significant Interest. Greenstone has the right to maintain its Applicable Interest by participating in future equity issues;
- (c) Greenstone has the right to nominate potential customers to be afforded the opportunity to negotiate and purchase, on an arms-length basis, a proportion of the Company's mineral production, equal to the Significant Shareholder Group's Applicable Interest in the Company on arms' length terms no less favourable to the Company than those afforded to third parties of a similar credit worthiness to the potential customer;
- (d) Pursuant to the Subscription Agreement (as more fully summarised in Part III of this Circular), the Company has given the Undertaking Not To Issue Shares (as defined in Part III of this Circular). Pursuant to the Relationship Agreement, Greenstone has agreed, in addition to the obligation summarised in item (f) of paragraph 12 of Part I of this Circular, to exercise its voting rights to vote in favour of any resolutions put to Shareholders at a general meeting in order to enable the Company to issue shares (generally and free of statutory pre-emption rights) in order to refinance the Loan Notes; and

- (e) Greenstone has agreed to the Minority Shareholder Protections, as set out in paragraph 12 of Section A of Part I of this Circular.

Greenstone has given certain confirmations to the Company regarding its understanding of the legal and practical requirements surrounding price sensitive information relating to the Company, and has given certain undertakings to the Company surrounding disclosure of confidential and price sensitive information.

The Relationship Agreement provides that, save where the exercise of Greenstone's voting rights would amount to a breach of the Relationship Agreement Greenstone shall not be prevented by the Relationship Agreement from exercising its voting rights in its discretion and how it sees fit.

The Relationship Agreement is governed by the laws of England and Wales, and each party irrevocably submits to the non-exclusive jurisdiction of the courts of England and Wales.

- 9.2 Save for the documents summarised in paragraph 12 of Part I of this Circular, Part III of this Circular and in paragraphs 6.8.00 and 9.1 above, no material contracts have been entered into by Greenstone or any party acting in concert with Greenstone, other than in the ordinary course of business, within the two years prior to the publication of this Circular.

## 10. Middle Market Quotations

The following table shows the closing middle market quotations for the Existing Ordinary Shares as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange, on the first business day of each of the six months immediately preceding the date of this Circular and for 27 June 2016 (being the last full dealing day prior to the date of this Circular):

<i>Date</i>	<i>Price per Existing Ordinary Share (p)</i>
27 June 2016	0.1
1 June 2016	0.125
3 May 2016	0.11
1 April 2016	0.08
1 March 2016	0.095
1 February 2016	0.08
4 January 2016	0.055

## 11. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the twelve months preceding the date of this Circular, a significant effect on the Group's financial position or profitability.

## 12. General

- 12.1 Strand Hanson has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the references to its name in the form and context in which they appear.
- 12.2 The total expenses of, or incidental to, the Open Offer, the Placing and the Greenstone Placing which are payable by the Company are estimated to amount to approximately US\$240,000. The net proceeds of the Open Offer, the Placing and the Greenstone Placing are expected to be US\$5.4 million.
- 12.3 The Company's auditors are UHY Hacker Young LLP whose principal place of business is at Quadrant House, 4 Thomas More Square, London E1W 1YW. UHY Hacker Young LLP are chartered accountants and registered auditors.
- 12.4 The Company's registrars are Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

- 12.5 Neither the New Ordinary Shares, Open Offer Shares, the Placing Shares nor the New Greenstone Shares have been marketed, nor are they available, in whole or in part, to the public in connection with the application for admission to trading on AIM, save under the terms of the Open Offer. Application for trading for the New Ordinary Shares, Open Offer Shares, the Placing Shares and the New Greenstone Shares is not being, and will not be, sought on another stock exchange other than AIM.
- 12.6 The Existing Ordinary Shares are in registered form but, are capable of being held in uncertificated form (when admitted to trading on AIM). The New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. Title to the certificated New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares will be evidenced by entry in the operator register maintained by Euroclear UK & Ireland (which forms part of the register of members of the Company). No share certificates will be issued in respect of the New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation.
- 12.7 Following Admission, share certificates representing the New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares are expected to be despatched by post to investors who do not wish to receive shares in uncertificated form, at the relevant investors' sole risk. It is expected that certificates in respect of the New Ordinary Shares, Open Offer Shares, Placing Shares and New Greenstone Shares will be despatched by 26 July 2016. No temporary documents of title will be issued in connection with the Open Offer. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.
- 12.8 The CREST accounts of investors who have duly elected to receive their Open Offer Shares in uncertificated form are expected to be credited to the designated CREST account on 19 July 2016.
- 12.9 The ISIN of the New Ordinary Shares will be GB00BDDRJJ03.
- 12.10 Share prices and premiums have been derived from the London Stock Exchange and represent the closing mid-market prices on the relevant date.
- 12.11 US\$ figures have been converted from £ at the Exchange Rate.

### **13. Documents available for inspection**

- 13.1 Copies of the following documents will be available for inspection at the Company's registered office, One America Square, Crosswall, London, EC3N 2SG during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including 18 July 2016 and at the General Meeting to be held on that day, and also on the Company's website at [www.northriverresources.com](http://www.northriverresources.com):
- (i) the Circular;
  - (ii) the Articles of Association of the Company;
  - (iii) the consolidated audited accounts for the Company for the financial years ended 31 December 2014 and 31 December 2015;
  - (iv) the Directors' service agreements and letters of appointments referred to in paragraph 7.1 of this Part V;
  - (v) the material contracts referred to in paragraph 9 of this Part V; and
  - (vi) the consent letter from Strand Hanson referred to in paragraph 12.1 of this Part V.

Dated: 28 June 2016

## PART VI

### NOTICE OF GENERAL MEETING

# NORTH RIVER RESOURCES PLC

*(incorporated in England and Wales, with registration number 5875525)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of North River Resources Plc (the “**Company**”) will be held at the offices of Shakespeare Martineau LLP, 6th Floor, Allianz House, 60 Gracechurch Street, London, EC3V 0HR on 18 July 2016 at 2.00 p.m. (London time) for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3 and 4 are being proposed as ordinary resolutions and resolutions 5 and 6 are being proposed as special resolutions. Resolution 4 will be taken on a poll in accordance with the requirements of the City Code. Only the Independent Shareholders are entitled to vote on Resolution 4.

#### ORDINARY RESOLUTION

1. **THAT**, subject to and conditional on the passing of Resolutions 2, 3, 4, 5 and 6, each of the issued ordinary shares of 0.2 pence in the capital of the Company (the “**Existing Ordinary Shares**”) be subdivided and re-designated into one ordinary share of 0.008 pence (the “**Subdivided Shares**”) and 249 deferred shares of 0.008 pence (the “**Deferred Shares**”).
2. **THAT**, subject to and conditional on the passing of Resolutions 1, 3, 4, 5 and 6, every 250 Subdivided Shares be consolidated into one new ordinary share of 0.2 pence (the “**New Ordinary Shares**”).
3. **THAT**, subject to and conditional on the passing of Resolutions 1, 2, 4, 5 and 6 the directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (“the **Act**”), in substitution for all previous powers granted to them, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £83,827.18 (equivalent to up to 41,913,590 New Ordinary Shares) such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2017 provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired.
4. **THAT**, subject to and conditional on the passing of Resolutions 1, 2, 3, 5 and 6, the issue by the Company of up to 17,596,229 New Greenstone Shares, and the grant by the Panel (as defined in the Circular of which this notice forms part) of the waiver on the terms described in Part I of the Circular of any requirement of Greenstone (as defined in the Circular) to make a general offer to Shareholders of the Company under Rule 9 of the Code (as defined in the Circular) as a result thereof, be and is hereby approved and authorised.

#### SPECIAL RESOLUTIONS

5. **THAT**, subject to and conditional on the passing of Resolutions 1, 2, 3, 4 and 6, the articles of association of the Company be amended pursuant to section 21 of the Companies Act 2006 by:
  - (a) The insertion of the following new definitions into Article 1.2:
    - “**Associate**” means (i) the directors and officers of any member of the Significant Shareholder Group and (ii) any third party that has purchased Ordinary Shares at the direction of any member of the Significant Shareholder Group;”;
    - “**Deferred Shares**” means the deferred shares of £0.000008 each in the capital of the Company having the rights set out in Article 42;”;
    - “**Independent Directors**” means a Director who (i) has not been nominated by, nor employed by, nor been an officer or director of, nor otherwise the recipient of, any ongoing or past financial

compensation from, in each case directly or indirectly, any member of the Significant Shareholder Group or any Associate, and/or who (ii) is considered to be independent of the Significant Shareholder Group and its Associates by the Company's nominated advisor, from time to time, acting reasonably and taking into account, applicable laws;"

**“Significant Shareholder Group”** means Greenstone Resources L.P., Greenstone Management Ltd. and their respective subsidiaries (as defined in the 2006 Act), and **“member of the Significant Shareholder Group”** shall be construed accordingly;" and

**“Subsidiary”** means any company (or other entity) controlled, controlling or jointly controlled by the same person, directly or indirectly, where “control” means the ability to appoint directors (or persons performing similar functions) through the exercise of a majority of the voting rights (or similar rights) (and “Subsidiaries” shall be construed accordingly);"

- (b) The deletion of Article 20.1 in its entirety and the insertion of a new Article 20.1 as follows:
- “20.1** Until otherwise determined by a General Meeting, the number of Directors (other than alternate directors) shall not be less than two and the majority of Directors shall be Independent Directors. The Company may by ordinary resolution from time to time vary the minimum and maximum number of directors (the majority of whom shall be Independent Directors).”;
- (c) The deletion of Article 23.2 in its entirety and the insertion of a new Article 23.2, as follows:
- “23.2** The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of two or more Directors and (if thought fit) one or more other persons, provided that:
- (a) a majority of the members of a committee shall be Independent Directors;
  - (b) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors; and
  - (c) any such committee shall be chaired by an Independent Director.”;
- (d) The deletion of Article 23.5 in its entirety and the insertion of a new Article 23.5 as follows:
- “23.5** Save as provided below, the Board may establish any local boards or agencies for managing any of the affairs of the Company, and may appoint any persons to be members of such local boards or any managers or agents and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby and no person so appointed shall for any purpose be deemed to be a Director of the Company. Any such local boards or agencies:
- (a) shall comprise a majority of Independent Directors;
  - (b) shall only be capable of passing an effective resolution if the majority of those present when it is passed are Directors or alternate Directors; and
  - (c) shall be chaired by an Independent Director.”;
- (e) The deletion of Article 26.1 in its entirety and the insertion of a new Article 26.1, as follows:
- “26.1** The Board or (subject to Article 23.2) any Committee of the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Meetings of the Board or of any committee of the Board may take place in any part of the world and may take place via telephonic communication, video conference or similar means of communication notwithstanding that the Directors or Committee members present may not all be meeting in one particular place. The quorum for any meeting of the Board shall require the presence of (a) two Directors and (b) a majority of Directors present to be Independent Directors (the **“Independent Quorum”**), save that if, within 5 minutes (or

such longer interval as the Chairman of the meeting may think fit to allow) from the time appointed for the holding of the Board meeting an Independent Quorum is not present, the Board meeting shall stand adjourned to such time and place as the Chairman of the meeting may decide and any such meeting of the Board which is postponed for lack of an Independent Quorum shall, when reconvened, be quorate provided any two Directors are present. For the purposes of this Article an alternate Director shall be counted in a quorum.”;

(f) The deletion of Article 26.4 in its entirety and the insertion of a new Article 26.4, as follows:

“**26.4** Subject always to Article 23.2(c) in the case of any committee of the Board, the Board or any committee of the Board may from time to time elect a Chairman or Deputy-Chairman, who shall preside at its meetings, but if no such Chairman or Deputy-Chairman be elected, or if at any meeting the Chairman or Deputy-Chairman is not present within 5 minutes after the time appointed for holding the same, the Board or Committee shall choose one of its number to be Chairman of such meeting.”; and

(g) The deletion of Article 42 in its entirety and the insertion of a new Article 42, as follows:

**“42. DEFERRED SHARES**

Any Deferred Shares in issue shall only have the following rights and shall be subject to the following restrictions, notwithstanding any other provisions in these Articles:

43.1 On the return of capital on a winding up of the Company, after the liabilities of the Company have been paid and after the holders of Ordinary Shares have received the sum of £10,000,000 for each Ordinary Share held by them, the balance shall be distributed amongst the holders of the Deferred Shares *pro rata* to the number of Deferred Shares held by each of them, respectively. Save as set out in this Article 42, the holders of the Deferred Shares shall have no interest or right to participate in the capital or assets of the Company;

43.2 The Deferred Shares shall not carry any entitlement to receive dividends or to participate in any way in the income or profits of the Company;

43.3 Save as set out in Article 42, the Deferred Shares shall carry no right to participate in the profits or assets of the Company;

43.4 The Company may acquire, subject to the Statutes, all or any of the Deferred Shares in issue at any time without payment of any consideration to the holder of the Deferred Share. Pending such acquisition, each holder of the Deferred Share shall be deemed to have irrevocably authorised the Company, at any time:

(a) to appoint any person to execute (on behalf of the holder of the Deferred Share) a transfer thereof and/or an agreement to transfer the same to the Company or to such person as the Company may determine as custodian thereof; and

(b) pending such transfer, to retain such holder’s certificate (if any) for the Deferred Shares;

43.5 Other than as specified in this Article 42, the Deferred Shares shall not be capable of transfer at any time other than with the prior consent of each of the Directors, nor shall the holders of them be entitled to mortgage, pledge, charge or otherwise encumber them or to create or dispose of or to agree to create or dispose of any interest (within the meaning of section 820 of the 2006 Act) whatsoever in any Deferred Share;

43.6 The Company is irrevocably authorised to appoint any person on behalf of any holder of any Deferred Share(s) to enter into an agreement to transfer and to execute a transfer of any such Deferred Share(s) to such person as the Directors may determine in their absolute discretion and to execute any other documents which such person may consider necessary or desirable to effect such transfer (and pending such transfer, to retain such holder’s certificate (if any) for such Deferred Share(s)) or to give instructions to transfer any such Deferred Share(s) held in uncertificated form to such person as the Directors may determine in their absolute discretion, in each case, without obtaining the sanction of the holder of them and without any payment being made in respect of that transfer;



- 43.7 The Deferred Shares shall not confer on the holders thereof any entitlement to receive notice of or to attend or speak at or vote at any general meeting or any annual general meeting of the Company; and
- 43.8 The rights attaching to the Deferred Shares shall not be deemed to be varied or abrogated by the creation and/or allotment and/or issue of any further shares, the passing of any resolution of the Company reducing its share capital or cancelling the Deferred Shares and none of the rights or restrictions attached to the Deferred Shares shall be deemed to be varied or abrogated in any way by the passing or coming into effect of any special resolution of the Company to reduce its share capital and/or reduce or cancel (as the case may be) its share premium account (including a special resolution to reduce the capital paid up or to cancel such Deferred Shares), provided that upon a cancellation of all the Deferred Shares the Articles shall automatically be amended by the deletion of the definition of "Deferred Shares" in Article 1.2 and this Article 42 in its entirety."
6. **THAT**, subject to and conditional on the passing of Resolutions 1 to 5 inclusive the Directors, pursuant to Section 570 of the Companies Act 2006, be empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash up to a total aggregate nominal amount of £83,827.18, pursuant to Resolution 3 and 4, as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to the allotment of (words and expressions used below having the meaning given to them in the Circular of which this notice forms part):
- (i) up to 17,596,229 New Greenstone Shares on, and subject to, the terms of the Subscription Agreement, on conversion in part or in full of the Loan Notes, and any further Loan Notes arising from settlement of unpaid interest by the issue of further Loan Notes in accordance with the Loan Note Instrument on, and subject to, the terms of the Loan Note Instrument;
  - (ii) new ordinary shares in the capital of the Company on, and subject to, the terms of the Open Offer where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their holdings of such ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory;
  - (iii) new ordinary shares in the capital of the Company on, and subject to, the terms of the Placing; and
  - (iv) other than pursuant to (i) to (iii) above (inclusive), equity securities up to an aggregate nominal value of £24,000 (equivalent to up to 12,000,000 New Ordinary Shares),

and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

***By order of the Board***

Ben Harber  
*Company Secretary*

*Registered office:*  
One America Square  
Crosswall  
London  
EC3N 2SG

Dated: 28 June 2016

## Notes to the Notice of General Meeting

1. As a holder of Existing Ordinary Shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company. A proxy form is enclosed with this notice.
2. In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
3. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon so as to be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting or any adjournment thereof, alternatively you may submit your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com), which must be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting, or any adjournment thereof.
5. The completion and return of a form of proxy will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice, however, if you have appointed a proxy and attend the meeting in person, your proxy will automatically be terminated.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
7. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
9. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours (excluding any part of a day that is not a business day) before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required) for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST

in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting system provider(s) take(s)) such action as shall be necessary to ensure that message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services.

12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

13. As at 27 June 2016, the Company's issued share capital comprised 2,199,091,843 Existing Ordinary Shares. Each Existing Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights as at 27 June 2016 was 2,199,091,843.
14. Resolution 4 will be conducted by way of a poll of Independent Shareholders.

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# NORTH RIVER RESOURCES PLC

(incorporated in England and Wales, with registration number 5875525)

## FORM OF PROXY

for use by shareholders at the General Meeting  
to be held on 18 July 2016

I/We, the undersigned shareholder(s) of North River Resources Plc (the “**Company**”) hereby appoint the Chairman of the Meeting\*(see note 1) ..... as my/our proxy to vote in my/our name(s) and on my/our behalf at the General Meeting of the Company to be held at the offices of Shakespeare Martineau, 6th Floor, Allianz House, 60 Gracechurch Street, London EC3V 0HR on 18 July 2016 at 2.00 p.m. (London time) and at any adjournment thereof.

Please indicate with an “X” in the appropriate boxes below how the proxy should vote and then sign in the space provided below. If no specific direction as to voting is given, the proxy may vote or abstain at his discretion.

### ORDINARY RESOLUTIONS

**Resolution 1 – Sub-division and Re-designation of Existing Ordinary Shares**

**For**                      **Against**                      **Withheld**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 2 – Consolidation of Subdivided Shares**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 3 – General Authority to Allot Shares**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**Resolution 4 – Authority to allot shares to Greenstone and Whitewash Resolution**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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### SPECIAL RESOLUTIONS

**Resolution 5 – Amendment to Articles of Association**

**For**                      **Against**                      **Withheld**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**Resolution 6 – Authority to Allot Shares free of Pre-emption Rights**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

I/We authorise my/our proxy to act at his/her discretion in relation to any other business arising at the General Meeting (including in respect of the question whether to adjourn such meeting) and at any adjournment of such meeting.

Signature(s).....Dated.....

Name: .....

Address: .....

Initials and surnames of joint holders if any .....

#### Notes:

1. \*If you wish to appoint any person other than the Chairman of the Meeting as proxy, please delete the words “Chairman of the Meeting” and insert his or her name and address in the space provided and initial the alteration. The person appointed to act as a proxy need not be a member of the Company.
2. As a holder of Existing Ordinary Shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company. A proxy form is enclosed with this notice.



3. In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
4. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon so as to be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting or any adjournment thereof, alternatively you may submit your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com), which must be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting, or any adjournment thereof.
6. The completion and return of a form of proxy will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice, however, if you have appointed a proxy and attend the meeting in person, your proxy will automatically be terminated.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
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Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services.

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

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15. Resolution 4 will be conducted by way of a poll of Independent Shareholders.

