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

2 June 2014

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

**Final Results**

North River Resources plc, the AIM listed resource company focussed on Namibia, is pleased to announce its results for the year ended 31 December 2013 and that the Annual General Meeting ("AGM") will be held at the offices of SGH Martineau LLP, 5th Floor, One America Square, Crosswall, London EC3N 2SG on Wednesday 25 June 2014 at 11.00 am.

A notice convening the AGM, proxy form and Report and Accounts for the year ended 31 December 2013 will be posted to shareholders today and will also be available to download from the Company's website at www.northriverresources.com.

**OVERVIEW**

- Significant developments made to progress the flagship Namib Lead-Zinc Mine towards production
- 129% increase in overall resource to 1,527,000 tonnes – significant increase in fresh ore Resource to 917,000 tonnes, and an upgrade in classification category
- Commencement and advancement of the Namib Feasibility Study – optimisation work underway while on-going lock-cycle metallurgical testing of the fresh ore is completed
- An Environmental Impact Assessment ('EIA') and Environmental Management Plan ('EMP') submitted to the Namibian Ministry of Environment and Tourism
- Mining Licence application submitted to the Ministry of Mines and Energy in Namibia
- Three new directors appointed to the Board, further strengthening the Company's operational and corporate acumen
- Maiden Resource identified on the tailings dump of 610,000 tonnes @ 2.1% zinc
- Reduction in loss before taxation to £2,195,891 (2012: loss of £2,816,853)

**MANAGING DIRECTOR'S STATEMENT**

2013 was a year of significant development in your Company, with the focus remaining on progressing our flagship Namib Lead-Zinc-Silver Mine ('Namib') towards production. In line with this, North River has made numerous important advances which have enhanced the tangible value of Namib, including a significant resource update and the commencement of a Feasibility Study, which is now approaching completion. These operational objectives have been supported by three successful funding rounds, completed during a difficult market for junior mining companies, which have driven our exploration and development programme forward and strengthened our shareholder register.

**Operational Review**

In June 2013, the Company decided to execute a "proof of concept" programme designed to give increased confidence of deep ore, under the historic mine workings and existing resource, at Namib. This comprised a down-hole electromagnetic (DHEM) survey at the mine site, a technique employed to provide a better picture of the presence and approximate location of lead/zinc mineralisation underground.

The Company conducted DHEM surveys on three new holes together with four existing deep holes drilled in 2007. The survey provided numerous responses around the surveyed holes to their maximum depth of around 300m. The historic drill intercepts provide evidence that the Southern ore body is also broader than the DHEM modelling implies. Further conductive responses from the probe were shown building at the bottom of the survey holes. The modelled plates indicate conductive materials to a depth of approximately 700m below surface.

The DHEM survey conducted on two holes, NLDD004 and NLRCDD001, was designed to test the extension of the Junction ore body. Multiple conductive responses from NLDD004 are consistent with underground drilling and mineralised intercepts obtained in 2011. The new hole, NLRCDD001, intercepted 42cm of mineralisation with 7.8% zinc, 0.08% lead, 7ppm silver and 10.3ppm indium at 382m below surface. While the intercept was narrow, it is significant as it is the deepest mineralisation yet discovered at Namib. To that end, conductive responses from the probe around the same depth indicate that this was probably a "near miss" of a larger conductor.

An additional hole, NLRC109 was drilled on a gossan along strike of the Northern ore bodies. This represents the first drilled target of North River's exploration programme for near-mine and regional targets. The hole was drilled to 200m and intersected 3m of sulphides, mainly pyrrhotite at 112m below surface with lower grades of zinc and lead. Previous drilling on the gossan intersected numerous zinc intervals, and there is an ore model in place above the recent intersection. Generally, there were indications that grades can be variable on this gossan.

Following the analysis of these results, the Board was satisfied that this initial programme provided further confidence of deep ore at Namib. It was subsequently decided that additional work should be conducted with the objective of enhancing the Resource estimate at Namib. In October 2013 resource drilling at Namib commenced which culminated in a substantial Resource upgrade in December 2013. The upgraded JORC compliant Resource estimated a 129% increase in overall resource to 1,527,000 tonnes with a significant increase in fresh ore Resource to 917,000 tonnes, and an upgrade in classification category. In addition, a maiden Resource was identified on the tailings dump of 610,000 tonnes @ 2.1% zinc. The resultant in-situ metal inventory is set out in Table 1.1.

**Table 1.1**

*Fresh Ore*

| | *Tonnes and Grade at 1% Pb + Zn Cut-off Grade* | | | | |
|---|---|---|---|---|---|
| **Classification** | **Area** | **Tonnes*** | **Pb %** | **Zn %** | **Ag g/t** |
| Indicated | Northern lodes | 529,000 | 2.8 | 5.4 | 48.2 |
| | South historic Mine | 130,000 | 1.9 | 4.3 | 41.6 |
| Inferred | Northern lodes | 251,000 | 1.8 | 7.2 | 38.9 |
| | South historic Mine | 7,000 | 2.1 | 3.5 | 52.6 |
| **Total** | | **917,000** | **2.4** | **5.7** | **44.8** |

*Tailings*

| | *Tonnes and Grade at 0% Pb + Zn Cut-off Grade* | | | | |
|---|---|---|---|---|---|
| **Classification** | **Area** | **Tonnes*** | **Pb %** | **Zn %** | **Ag g/t** |
| Measured | Tailings | 260,000 | 0.3 | 2.2 | 7.5 |
| Indicated | | 350,000 | 0.3 | 2.1 | 7.7 |
| **Total** | | **610,000** | **0.3** | **2.1** | **7.6** |

**Tonnages have been rounded to the nearest 1,000 tonnes to reflect an estimate*

In January this year we signed an innovative "drill-for-equity" agreement with Wilhelm Shali, our principal contractor. Shali, as he prefers to be known, is a prominent businessman in Namibia and is very well connected within the Namibian establishment. Under the agreement, £175,000 worth of drilling and mining contracts will be paid by the issue of equity at the equivalent of £0.06 per share. We welcome Shali as a local partner.

The Company has made good progress in the permitting process for Namib. In January 2014, the Company submitted Environmental Impact Assessment ('EIA') and Environmental Management Plan ('EMP') to the Namibian Ministry of Environment and Tourism, for Namib. The report is the culmination of almost two years of an independent and comprehensive investigation into the environmental effects of re-opening Namib, which was previously operational from 1965-1992.

In addition, public and private consultations were held with Interested and Affected Parties (the 'IAPs'), which included local residents, businesses, the local council, government departments representing service providers, TransNamib (rail), Namwater (national water authority), Nampower (national power authority), Namport (Walvis Bay port authority), and Directorate of Parks. All of the issues and concerns raised by the IAPs have been assessed in the EIA and EMP and all significant impacts have been mitigated.

The Company was pleased to report that on 17 April 2014, it submitted an application for a Mining Licence for Namib with the Ministry of Mines and Energy in Namibia. The Company has also applied for a renewal of the EPL 2902, in which the mine is located and which contains a number of near mine exploration targets integral to the longevity and overall financial performance of the project (see Notes 1.2 and 5 for further details).

A major theme during 2013, and into 2014, has been the commencement and advancement of the Namib Feasibility Study. Two consultants were engaged for this work, Tenova, for work primarily related to the design of the processing plant, and Snowden Mining Industry Consultants, primarily for work relating to resource expansion, mine design and associated services. We had hoped to complete the study in March 2014 but it became delayed due to on-going lock-cycle metallurgical testing of the fresh ore. In the meantime we are continuing to perform value optimisation on the various studies and we currently anticipate the study to be completed in the coming months. We will keep shareholders informed of future developments.

North River retains an interest in a number of other exploration licences, including some potentially commercial copper resources, in Namibia. There will be some renewed focus on these during the year.

**Corporate Overview**

We boosted our market presence with the appointment of VSA Capital plc, a specialist investment bank providing corporate finance and corporate broking services to companies operating in the natural resources sector, as joint broker in August 2013. VSA Capital was mandated to work alongside Pareto Securities (formerly known as Ocean Equities), a long-time and supportive broker for North River. Together, I believe that Pareto Securities and VSA Capital form a highly complementary team with the ability to further raise North River's profile in the investment community.

The Company also welcomed three new directors to its Board during 2013, further strengthening the Company's operational and corporate acumen at this important juncture in North River's development.

In January 2013 the Company appointed Brett Richards as a Non-Executive Director. Mr Richards, who has a degree in engineering, began his career at Co-Steel Inc. in 1985 where he worked for 16 years in several operating and executive positions. He has since worked for a number of mining companies including Katanga Mining and Kinross Gold. Most recently he was the Chief Executive Officer of Avocet Mining plc where he also served on the board. He is currently Chief Executive of BSG Resources.

Also in January 2013, the Company welcomed Qi Yu as a Non-Executive Director. Qi (pronounced "Chi") is a Chinese Certified Public Accountant and worked at a senior level in the accounting industry in China for 15 years before relocating to the UK. She is currently the Chief Operating Officer of Kalahari Minerals, which holds an interest in Extract Resources. Both Kalahari and Extract Resources were previously listed (on AIM and the ASX respectively) and were taken private when acquired by Taurus Minerals Limited ("Taurus"). As discussed later in my statement, our relationship with Taurus precipitated Board representation by associated nominated directors, and we have welcomed Qi's significant industry and commercial expertise through this affiliation.

Finally, in September 2013 we were delighted to introduce Mark Thompson to the Board as an independent Non-Executive Director. Mark is the former Chief Investment Officer and co-founder of Galena Asset Management Ltd, the fund management arm of Trafigura Beheer b.v., and latterly a partner at Apollo Management, one of the world's largest alternative asset managers. Mark has managed in excess of $750m, across four separate funds, all of which were focused on natural resources. Mark has extensive experience in raising capital for natural resource companies, portfolio management, commodity derivatives trading and personal investment in the natural resources sector. He is executive Chairman of Treliver Minerals Ltd and possesses a number of directorships in private companies engaged in mineral exploration.

As the Company transitions into a development company it has also been bolstering its ranks with the addition of key consultants including Dominic Claridge, Donald McAlister, Aidan Bailey and Andrew Little. Dominic Claridge was previously Group Executive of Project Development for Weatherly International, where he managed mining studies on three projects in Namibia, notably Berg Akas, another brownfield lead, zinc, and silver mine. Prior to this he was Chief Operating Officer of AIM listed Griffin Mining Limited. Donald McAlister was previously Finance Director of Mwana Africa plc and has considerable experience in raising and structuring development finance. Aidan Bailey was previously a finance consultant at Shanta Gold plc and has a wealth of financial management experience. Andrew Little has over 20 years' experience in mining project design, development, construction and management.

**Financial Overview**

The Group reduced its loss before taxation to £2,195,891 (2012: loss of £2,816,853). Due to the Group's heightened focus on Namib, its expenditure on its additional assets has been substantially reduced, and the Group focussed primarily on the Feasibility Study at Namib during the period. The Group has worked hard to minimise administrative overhead.

Share placings during the year raised gross proceeds of £1,800,000. The Group's cash position as at 31 December 2013 was £577,551. Post period end, the Group's cash treasury was further supported through two placings which raised a total of £1,225,000. These funds are being utilised for further development work at Namib in additional to general working capital purposes.

Taurus, a 60:40 joint venture company between the China Guangdong Nuclear Power Holding Corp (CGNPC) and the China-Africa Development Fund (CADF), was formed to develop the large Husab open pit uranium mine which is located not far from Namib. When Taurus acquired Kalahari Minerals in 2012, it also acquired a 38% interest in North River. As part of the transaction, Taurus also acquired rights to a Relationship Agreement with North River, which gave it the right to appoint three directors, including the chairman, giving Tauris effective control of the Board. However, the Relationship Agreement only remained in effect whilst Taurus owned 20% or more of North River. Taurus has on the whole been a passive shareholder and has not participated in any of the recent share issues approved by the Board. Consequently Taurus's equity share of North River has been steadily diluted and now stands at 19.7% and the Relationship Agreement has now been permanently terminated.

**Outlook**

The remainder of 2014 will be marked with further news flow relating to our primary focus, advancing Namib back into production. Most notably, our Feasibility Study is expected for publication in the coming months and I am confident that this will highlight the commercial value of driving progress forward at Namib. As a low-cost project benefitting from proximal major transport infrastructure, power and water connections, I am confident that our proposition will continue to galvanise support in the investment community.

I would like to take this opportunity to thank our shareholders for their continued support and I look forward to the future at Namib as we move through the gears towards commercial production in the near term.

Martin French

**Managing Director**

30 May 2014

**For further information please visit www.northriverresources.com or contact:**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | Notes | 2013<br>£ | 2012<br>£ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | - | - |
| Other operating income | | 126 | 11,249 |
| Exploration & evaluation expenditure | | (1,235,192) | (1,466,767) |
| Administrative expenses | | (967,992) | (1,071,817) |
| **GROUP OPERATING LOSS** | 3 | (2,203,058) | (2,527,335) |
| Interest payable on short term borrowings | | - | (7,346) |
| Interest received on bank deposits | | 7,167 | 52,387 |
| Impairment of investment in joint venture | 13 | - | (354,767) |
| Reversal of prior year share of associate's loss | 14 | - | 112,990 |
| Impairment of goodwill | 5 | - | (92,782) |
| **LOSS BEFORE TAX** | | (2,195,891) | (2,816,853) |
| Taxation | 12 | - | - |
| **LOSS FOR THE YEAR** | | (2,195,891) | (2,816,853) |
| **OTHER COMPREHENSIVE INCOME:** | | | |
| Exchange differences on translating foreign operations | | (143,018) | 37,505 |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | (2,338,909) | (2,779,348) |

| | | | |
|---|---|---|---|
| **Loss per share** | | | |
| Basic and diluted – pence per share | 4 | (0.23p) | (0.40p) |

The results for 2013 and 2012 relate entirely to continuing operations. The loss for the current and prior years and the total comprehensive loss for the current and the prior years are wholly attributable to equity holders of the parent company.

## CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

| | Notes | Group 31 December 2013 £ | Company 31 December 2013 £ | Group 31 December 2012 £ | Company 31 December 2012 £ |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Goodwill | 5 | 7,738,986 | - | 7,738,986 | - |
| Intangible assets | 6 | 72,422 | 78,111 | 69,166 | 66,178 |
| Plant and equipment | 7 | 126,841 | 6,156 | 180,724 | 9,663 |
| Amounts due from subsidiaries | 8 | - | 13,173,886 | - | 12,206,822 |
| Investment in joint venture | 13 | - | - | 154,868 | - |
| Investment in associated company | 14 | 113,182 | 56,591 | 113,182 | 56,591 |
| Investments in subsidiaries | 15 | - | 472,991 | - | 472,991 |
| | | 8,051,431 | 13,787,735 | 8,256,926 | 12,812,245 |
| **CURRENT ASSETS** | | | | | |
| Trade and other receivables | 8 | 157,534 | 30,783 | 325,695 | 83,317 |
| Cash and cash equivalents | 9 | 577,551 | 520,697 | 858,677 | 726,338 |
| | | 735,085 | 551,480 | 1,184,372 | 809,655 |
| **TOTAL ASSETS** | | 8,786,516 | 14,339,215 | 9,441,298 | 13,621,900 |
| **LIABILITIES** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 10 | 313,280 | 273,050 | 373,830 | 314,429 |
| **TOTAL LIABILITIES** | | 313,280 | 273,050 | 373,830 | 314,429 |
| **NET ASSETS** | | 8,473,236 | 14,066,165 | 9,067,468 | 13,307,471 |
| **EQUITY** | | | | | |
| Share capital | 11 | 2,240,495 | 2,240,495 | 1,402,400 | 1,402,400 |
| Share premium | 11 | 17,875,349 | 17,875,349 | 16,968,767 | 16,968,767 |
| Share-based payments reserve | | 4,444,445 | 4,444,445 | 4,530,440 | 4,530,440 |
| Translation reserve | | (102,933) | - | 40,085 | - |

| | | | | |
|---|---|---|---|---|
| Retained losses | (15,984,120) | (10,494,124) | (13,874,224) | (9,594,136) |
| **TOTAL EQUITY** | 8,473,236 | 14,066,165 | 9,067,468 | 13,307,471 |

## CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

| **CONSOLIDATED** | **Share capital £** | **Share premium £** | **Retained losses £** | **Share-based payment reserve £** | **Translation reserve £** | **Total equity £** |
|---|---|---|---|---|---|---|
| **At 1 January 2012** | 1,402,400 | 16,968,767 | (11,057,371) | 4,530,440 | 2,580 | 11,846,816 |
| Loss for 2012 | - | - | (2,816,853) | - | - | (2,816,853) |
| **Other comprehensive income:** | | | | | | |
| Currency translation gains | - | - | - | - | 37,505 | 37,505 |
| **Total comprehensive loss** | - | - | (2,816,853) | - | 37,505 | (2,779,348) |
| **At 31 December 2012** | 1,402,400 | 16,968,767 | (13,874,224) | 4,530,440 | 40,085 | 9,067,468 |
| Loss for 2013 | - | - | (2,195,891) | - | - | (2,195,891) |
| **Other comprehensive income:** | | | | | | |
| Currency translation losses | - | - | - | - | (143,018) | (143,018) |
| **Total comprehensive loss** | - | - | (2,195,891) | - | (143,018) | (2,338,909) |
| **Transactions with shareholders:** | | | | | | |
| Shares issued | 838,095 | 961,905 | - | - | - | 1,800,000 |
| Share issue expenses | - | (55,323) | - | - | - | (55,323) |
| Transfer of expired share options | - | - | 85,995 | (85,995) | - | - |
| **At 31 December 2013** | 2,240,495 | 17,875,349 | (15,984,120) | 4,444,445 | (102,933) | 8,473,236 |

| **COMPANY** | **Share capital £** | **Share premium £** | **Retained losses £** | **Share-based payment reserve £** | **Total equity £** |
|---|---|---|---|---|---|
| **At 1 January 2012** | 1,402,400 | 16,968,767 | (8,249,253) | 4,530,440 | 14,652,354 |
| Loss for 2012 | - | - | (1,344,883) | - | (1,344,883) |
| Other comprehensive income | - | - | - | - | - |
| **Total comprehensive loss** | - | - | (1,344,883) | - | (1,344,883) |

| | | | | | |
|---|---|---|---|---|---|
| **At 31 December 2012** | 1,402,400 | 16,968,767 | (9,594,136) | 4,530,440 | 13,307,471 |
| | | | | | |
| Loss for 2013 | - | - | (985,983) | - | (985,983) |
| Other comprehensive income | - | - | - | - | - |
| **Total comprehensive loss** | - | - | (985,983) | - | (985,983) |
| **Transactions with shareholders:** | | | | | |
| Shares issued | 838,095 | 961,905 | - | - | 1,800,000 |
| Share issue expenses | - | (55,323) | - | - | (55,323) |
| Transfer on expired share options | - | - | 85,995 | (85,995) | - |
| | | | | | |
| **At 31 December 2013** | 2,240,495 | 17,875,349 | (10,494,124) | 4,444,445 | 14,066,165 |

**CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOW**

| | Notes | Group 2013 £ | Company 2013 £ | Group 2012 £ | Company 2012 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Group operating loss | | (2,203,058) | (989,185) | (2,527,335) | (1,370,878) |
| **Adjustments for non-cash items:** | | | | | |
| Depreciation and amortisation charges | 6&7 | 67,186 | 5,607 | 75,149 | 5,004 |
| | | (2,135,872) | (983,578) | (2,452,186) | (1,365,874) |
| **Movements in working capital:** | | | | | |
| Decrease in receivables | | 168,161 | 52,535 | 9,778 | 105,757 |
| (Decrease)/increase in payables | | (60,551) | (41,379) | (18,776) | 94,493 |
| **Net cash used in operating activities** | | (2,028,262) | (972,422) | (2,461,184) | (1,165,624) |
| **Investing activities** | | | | | |
| Purchase of intangible assets | 6 | (13,200) | (13,200) | (10,607) | - |
| Loans to subsidiaries | 8 | - | (967,064) | - | (564,052) |
| Investment in subsidiary | | - | - | - | (240) |
| Investment in associate | | - | - | (192) | (96) |
| Distribution from/(investment in) joint venture | 13 | 154,868 | - | (509,635) | - |
| Purchase of plant and equipment | 7 | (40,872) | (833) | (31,070) | - |
| **Net cash from/(used in) investing activities** | | 100,796 | (981,097) | (551,504) | (564,388) |
| **Financing activities** | | | | | |
| Issued shares | 11 | 1,800,000 | 1,800,000 | - | - |
| Issue expenses | 11 | (55,323) | (55,323) | - | - |
| Interest paid | | - | - | (7,346) | - |
| Interest received | | 7,167 | 3,201 | 52,387 | 25,995 |
| **Net cash from financing activities** | | 1,751,844 | 1,747,878 | 45,041 | 25,995 |
| **Decrease in cash and cash equivalents** | | (175,622) | (205,641) | (2,967,647) | (1,704,017) |
| Cash and cash equivalents at beginning of year | 9 | 858,677 | 726,338 | 3,765,414 | 2,430,355 |
| Exchange differences | | (105,504) | - | 60,910 | - |
| **Cash and cash equivalents** | | 577,551 | | 858,677 | |

| | | | | | |
|---|---|---|---|---|---|
| **at end of year** | 9 | | 520,697 | | 726,338 |

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

## 1. ACCOUNTING POLICIES

The Group has adopted the accounting policies set out below in preparation of the financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

### 1.1 Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and in accordance with the International Financial Reporting Standards ("IFRS") including IFRS 6 'Exploration for and Evaluation of Mineral Resources' as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2006. The parent Company's financial statements have also been prepared in accordance with IFRS and Companies Act 2006.

The Group and Company financial statements are presented in UK pounds sterling.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a Statement of Comprehensive Income. The Parent Company's loss for the year ended 31 December 2013 of £985,983 (2012: loss of £1,344,883) has been included in the Group's Statement of Comprehensive Income.

### 1.2 Going concern

During the year ended 31 December 2013 the Group made a loss of £2,195,891 (2012: a loss of £2,816,853). At the year end date the Group had net assets of £8,473,236 (2012: net assets of £9,067,468) of which £577,551 (2012: £858,677) was cash at bank. The operations of the Group are currently being financed from funds which the Parent Company raised from private and public share placings.

The Group's capital management policy is to raise sufficient funding to finance the Group's near term exploration and development objectives. Upon completion of objectives, or identification of new projects, the Directors will seek new funding to finance the next stage of the development programme or the new projects.

The Company successfully raised, via two private share placings, £1.225 million of working capital subsequent to the year end in January and March 2014. These funds are being used to meet day-to-day expenditure on the Namib project. The Group had a cash balance of £802,500 at 30 April 2014.

As set out in Note 23, the Group has exploration commitments of £1.86 million for its Namibian licences through 2014 and into 2015. The Group will therefore need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and development programme.

As set out in Note 5, applications for the Namib Lead Mining Licence and the renewal of several exploration and prospective licences ("EPLs") in the Licence Areas have been made and are awaiting confirmation. If the Mining Licence is not received or the EPLs are not renewed, then the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence confirmations will be received within the normal time duration for these applications.

The Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the accounts.

However, there can be no guarantee that the required funds will be raised within the necessary timeframe or that the mining and EPL licences will be renewed. Consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

**1.3 Basis of consolidation**

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

**1.4 Goodwill**

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

**1.5 Impairment of assets**

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

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

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

### 1.6 Plant and equipment

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

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

### 1.7 Exploration and evaluation expenditure

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

### 1.8 Revenue recognition

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

### 1.9 Interest income and expense

Interest income and expense are reported on an accrual basis.

### 1.10 Expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

### 1.11 Investments in subsidiaries

The Parent Company’s investments in subsidiary companies are stated at cost less provision for impairment in the Parent Company’s Statement of Financial Position.

### 1.12 Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses. The Parent Company’s investments in associated companies are stated at cost less provision for impairment in the Parent Company’s Statement of Financial Position.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investors' share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

**1.13 Interests in joint ventures**

The Group had an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture company using the equity method.

Under the equity method, the investment in the venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture company. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture company is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the venture and its carrying value, then recognises the loss as 'Impairment of investment in joint venture" in the income statement.

Upon loss of significant influence over the venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

**1.14 Foreign currency translation**

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

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

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

**1.15 Deferred taxation**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

No deferred tax assets are recognised in the financial statements.

**1.16 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**1.17 Receivables**

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

**1.18 Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**1.19 Share capital**

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

**1.20 Share-based payments**

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

Like market performance conditions, non-vesting conditions are taken into account in determining the grant value.

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

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

When the exercise period for an option expires, the amount that has been charged through the Statement of Comprehensive Income is transferred from the share-based payments reserve to retained losses.

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

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

**1.21 Critical accounting judgements and estimates**

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

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

*Impairment of goodwill and investments in and loans to subsidiaries*

Management assess whether goodwill and investments in and loans to subsidiaries after taking into account potential ore reserves, and cash flows generated by estimated future production, sales and costs. If the assumed factors vary from actual occurrence, this will impact on the amount at which the assets should be carried on the Statement of Financial Position.

Factors which could impact the future recoverability of these assets include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments in and loans to subsidiaries is addressed in Notes 5, 8 and 15.

*Share-based payments*

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

Further detailed analysis of the critical judgements and estimates relating to share based payments is addressed in Note 16.

**1.22 Financial instruments**

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

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

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

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

**1.24 New standards and interpretations not applied**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Group's financial statements.

| **Standard** | **Details of amendment** | **Annual periods beginning on or after** |
|---|---|---|
| IFRS 9 Financial Instruments | New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. | 1 January 2015 |
| IFRS 10 Consolidated Financial Statements | New standard that replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an | 1 January 2014 |

| | | |
|---|---|---|
| | entity should be included within the consolidated financial statements of the Parent Company and provides additional guidance to assist in the determination of control where this is difficult to assess. | |
| IFRS 11 Joint Arrangements | New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. | 1 January 2014 |
| IFRS 12 Disclosure of Interests in Other Entities | New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles. | 1 January 2014 |
| IAS 32 Financial Instruments: Presentation | Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations. | 1 January 2014 |

Based on the Group's current business model and accounting policies, management does not expect material impacts on the Group's financial statements when the new Standards and Interpretations become effective.

The Group does not intend to apply any of these pronouncements early.

## 2. SEGMENTAL REPORTING

For the purposes of segmental reporting, the operations and assets of the Group are focused in the United Kingdom, Namibia and Mozambique and comprise one class of business: the exploration and evaluation of mineral resources. The Parent Company acts as a holding company. At the end of 31 December 2013, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the year.

| **Group**<br>**31 December 2013** | **United Kingdom** | **Namibia** | **Mozambique** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Other income | - | 126 | - | 126 |
| Exploration & evaluation expenditure | - | (1,235,192) | - | (1,235,192) |
| Administration expenses | (855,544) | (112,448) | - | (967,992) |
| Interest received | 3,201 | 3,966 | - | 7,167 |
| **Loss before taxation** | (852,343) | (1,343,548) | - | (2,195,891) |
| | | | | |
| Trade and other receivables | 30,783 | 101,637 | 25,114 | 157,534 |
| Cash and cash equivalents | 520,697 | 44,573 | 12,281 | 577,551 |
| Accrued expenditure and provisions | (273,050) | (40,230) | - | (313,280) |
| Goodwill | - | 7,738,986 | - | 7,738,986 |
| Investment in associate company | - | - | 113,182 | 113,182 |
| Intangible assets | 12,112 | 3,815 | 56,495 | 72,422 |
| Plant and equipment | 6,156 | 120,685 | - | 126,841 |
| **Net assets** | 296,698 | 7,969,466 | 207,072 | 8,473,236 |

| **Group**<br>**31 December 2012** | **United Kingdom** | **Namibia** | **Mozambique** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Other income | - | 11,249 | - | 11,249 |
| Exploration & evaluation expenditure | (5,297) | (1,386,870) | (74,600) | (1,466,767) |
| Administration expenses | (764,235) | (307,582) | - | (1,071,817) |
| Interest paid | - | (7,346) | - | (7,346) |
| Interest received | 25,995 | 26,392 | - | 52,387 |
| Impairment of investment in joint venture | (354,767) | - | - | (354,767) |
| Impairment of goodwill | - | (92,782) | - | (92,782) |
| Reversal of prior year share of associate’s loss | - | - | 112,990 | 112,990 |
| **Loss before taxation** | (1,098,304) | (1,756,939) | 38,390 | (2,816,853) |
| | | | | |
| Trade and other receivables | 83,317 | 104,274 | 138,104 | 325,695 |
| Cash and cash equivalents | 726,338 | 120,058 | 12,281 | 858,677 |
| Accrued expenditure and provisions | (314,431) | (59,399) | - | (373,830) |
| Goodwill | - | 7,738,986 | - | 7,738,986 |
| Investment in Associate | - | - | 113,182 | 113,182 |
| Investment in JV | - | 154,868 | | 154,868 |
| Intangible assets | 178 | 12,493 | 56,495 | 69,166 |
| Property, plant and equipment | 9,663 | 171,061 | - | 180,724 |
| **Net assets** | 505,065 | 8,242,341 | 320,062 | 9,067,468 |

## 3. GROUP OPERATING LOSS

The Group’s operating loss before tax is stated after charging:

| | **Year ended**<br>**31 Dec 13** | **Year ended**<br>**31 Dec 12** |
|---|---|---|

| | £ | £ |
|---|---|---|
| Depreciation and amortisation – owned assets | 67,186 | 75,149 |
| Parent Company auditor's remuneration | 22,000 | 22,000 |
| Parent Company auditor's remuneration for non-audit work – tax services | 2,920 | 8,000 |
| Subsidiary auditor's remuneration | 14,689 | 12,236 |
| Employee costs | 324,278 | 265,939 |
| Exploration & evaluation costs | 1,235,192 | 1,466,767 |

## 4. LOSS PER SHARE

| | **Loss for the period from continuing operations £** | **Weighted average number of shares** | **Loss per share Basic Pence per share** |
|---|---|---|---|
| Year ended 31 December 2013 | (2,195,891) | 928,727,733 | (0.23) pence |
| Year ended 31 December 2012 | (2,816,853) | 701,200,000 | (0.40) pence |

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued and has been kept the same as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

## 5. GOODWILL AND IMPAIRMENT REVIEW

The Company acquired, on 20 November 2009, the entire issued share capital in, and the shareholder loans to, West Africa Gold Exploration (Namibia) (Pty) Ltd ("WAGE") and Namib Lead and Zinc Mining (Pty) Ltd ("Namib Lead"). The consideration paid by the Company for these two Namibian entities and the shareholder loans was satisfied by the allotment of 266,666,667 Ordinary shares of £0.002 each at 3 pence per share. Goodwill arising on the acquisition was:

| **Group** | **31 December 2013 £** | **31 December 2012 £** |
|---|---|---|
| Goodwill arising on acquisition of WAGE and Namib Lead | 7,738,986 | 7,738,986 |

**Goodwill impairment review**

The Directors are of the opinion that the Goodwill acquired in respect of WAGE and Namib Lead in November 2009 represents the value of the Licence Areas held by WAGE and Namib Lead at 31 December 2013 with the exception of EPL 3139 in the Ubib area which was relinquished in April 2013 with a carrying value at 31 December 2012 of £92,782. A goodwill impairment charge of £92,782 was made as at 31 December 2012.

At the time of the acquisition of WAGE and Namib Lead, the Licence Areas were subject to an external review by MSA Geosciences of South Africa whose employee, Mike Venter, acted as a Competent Person, as disclosed in the AIM re-admission document dated 28 November 2009.

The goodwill has not been impaired as commercial reserves have not yet been established or the determination of the evaluation process in incomplete at the year end. The continued exploration and development work within the Licence Areas since acquisition has not revealed anything that would suggest that there has been a further impairment to the carrying value of the goodwill.

In reviewing the Goodwill value, it is noted that the commodity prices for the commodities that WAGE and Namib Lead are exploring for in Namibia have increased since November 2009. Copper prices have moved from approximately US$6,500 per tonne in November 2009 to approximately US$7,000 per tonne in May 2014 as well as the increase in lead and zinc prices over that time.

It is further noted that the following EPLs in the Licence Areas have been renewed, or are awaiting confirmation of renewal, since acquisition thus providing additional security of tenure. As discussed in note 1.2, the renewal of two EPLs (3207 and 3258) and the application of the Mining Licence (2902) have not yet been confirmed which indicates an uncertainty over their renewal. If the EPLs are not renewed then the Directors would have to reconsider the position of the Group and the resulting ability to continue operations as planned. The Directors believe that all outstanding licence renewal confirmations will be received within the normal time duration for these applications and therefore this does not constitute an indication of impairment of the goodwill and associated assets.

| **Project** | **Application name** | **Type** | **Number** | **Surface area (km$^2$)** | **Annual licence fees (N$)** | **Current status** | **Expiry date** |
|---|---|---|---|---|---|---|---|
| Namib Lead | Namib Lead | EPL | 2902 | 45.2340 | 2,000 | Submitted | 17/04/2014 |
| Namib Lead South | Namib Lead South | EPL | 5075 | 123.9515 | 2,000 | Renewed | 06/05/2015 |
| Dordabis | Kupferberg | EPL | 3257 | 473.0690 | 5,000 | Submitted | 01/06/2014 |
| Witvlei | Christiadore | EPL | 3258 | 214.6016 | 3,000 | Submitted | 15/05/2014 |
| Witvlei | Okatjirute | EPL | 3261 | 266.2760 | 3,000 | Renewed | 25/07/2015 |
| Outjo | Ekotoweni | EPL | 4560 | 692.1918 | 3,000 | Renewed | 01/08/2015 |
| Outjo | Hopewell | EPL | 4561 | 197.9399 | 3,000 | Renewed | 01/08/2015 |

In accordance with the Group's accounting policies the Directors review their opinion on impairments of goodwill annually, or sooner, where information comes to light that clarifies the size, quality and economics of the licences and ore bodies held/owned by WAGE and Namib Lead. In the opinion of the Directors, taking into account the expiry dates of those licences, the likelihood of their renewal, the availability of further funds, and the intention to continue exploration and evaluation in the licence areas, no indication of impairment of the current carrying value of the goodwill currently exists. No impairment of the goodwill has therefore been made in the year ended 31 December 2013. No such indications of impairment are evident up to the date of approval of these financial statements.

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

| **Goodwill ascribed to areas:** | **2013** | **2012** |
|---|---|---|
| **WAGE** | **£** | **£** |
| Witvlei Copper | 4,719,300 | 4,719,300 |
| Dordabis Copper | 1,983,634 | 1,983,634 |
| | 6,702,934 | 6,702,934 |

| | | |
|---|---|---|
| **Namib Lead** | | |
| Namib Lead - mine | 1,036,052 | 1,036,052 |
| Ubib | - | 92,782 |
| Impairment of Ubib in 2012 | - | (92,782) |
| | 1,036,052 | 1,036,052 |
| **Goodwill carrying values** | 7,738,986 | 7,738,986 |

## 6. INTANGIBLE ASSETS

| | **Exploration licences** | **Software** | **Total** |
|---|---|---|---|
| **GROUP** | **£** | **£** | **£** |
| **COST** | | | |
| At 1 January 2013 | 159,017 | 30,747 | 189,764 |
| Additions in the year | - | 13,200 | 13,200 |
| Effects of foreign exchange | (21,412) | (5,926) | (27,338) |
| At 31 December 2013 | 137,605 | 38,021 | 175,626 |
| | | | |
| **AMORTISATION** | | | |
| At 1 January 2013 | 102,407 | 18,191 | 120,598 |
| Charge for the year | 507 | 8,163 | 8,670 |
| Effects of foreign exchange | (21,804) | (4,260) | (26,064) |
| At 31 December 2013 | 81,110 | 22,094 | 103,204 |
| | | | |
| **NET BOOK VALUES** | | | |
| At 31 December 2013 | 56,495 | 15,927 | 72,422 |
| | | | |
| At 31 December 2012 | 56,610 | 12,556 | 69,166 |

| | **Royalty contracts** | **Software** | **Total** |
|---|---|---|---|
| **COMPANY** | **£** | **£** | **£** |
| **COST** | | | |
| At 1 January 2013 | 66,000 | 2,368 | 68,368 |
| Additions in the year | - | 13,200 | 13,200 |
| At 31 December 2013 | 66,000 | 15,568 | 81,568 |
| | | | |
| **AMORTISATION** | | | |
| At 1 January 2013 | - | 2,190 | 2,190 |
| Charge for the year | - | 1,267 | 1,267 |
| At 31 December 2013 | - | 3,457 | 3,457 |
| | | | |
| **NET BOOK VALUES** | | | |
| At 31 December 2013 | 66,000 | 12,111 | 78,111 |

| | | | |
|---|---|---|---|
| At 31 December 2012 | 66,000 | 178 | 66,178 |

| GROUP | Exploration licences £ | Software £ | Total £ |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2012 | 174,848 | 22,272 | 197,120 |
| Additions in the year | - | 10,607 | 10,607 |
| Disposals in the year | (7,023) | - | (7,023) |
| Effects of foreign exchange | (8,808) | (2,132) | (10,940) |
| At 31 December 2012 | 159,017 | 30,747 | 189,764 |
| | | | |
| **AMORTISATION** | | | |
| At 1 January 2012 | 110,668 | 9,973 | 120,641 |
| Charge for the year | 522 | 9,186 | 9,708 |
| Disposals in the year | (7,023) | - | (7,023) |
| Effects of foreign exchange | (1,760) | (968) | (2,728) |
| At 31 December 2012 | 102,407 | 18,191 | 120,598 |
| | | | |
| **NET BOOK VALUES** | | | |
| At 31 December 2012 | 56,610 | 12,556 | 69,166 |
| | | | |
| At 31 December 2011 | 64,180 | 12,299 | 76,479 |

| COMPANY | Royalty contracts £ | Software £ | Total £ |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2012 and 31 December 2012 | 66,000 | 2,368 | 68,368 |
| | | | |
| **AMORTISATION** | | | |
| At 1 January 2012 | - | 1,400 | 1,400 |
| Charge for the year | - | 790 | 790 |
| At 31 December 2012 | - | 2,190 | 2190 |
| | | | |
| **NET BOOK VALUES** | | | |
| At 31 December 2012 | 66,000 | 178 | 66,178 |
| | | | |
| At 31 December 2011 | 66,000 | 968 | 66,968 |

## 7. PLANT AND EQUIPMENT

| | Plant & machinery | Fixtures & fittings | Motor vehicles | Total |
|---|---|---|---|---|

| GROUP | £ | £ | £ | £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 January 2013 | 94,013 | 40,487 | 211,280 | 345,780 |
| Additions in year | 26,746 | 833 | 13,293 | 40,872 |
| Effects of foreign exchange | (26,248) | (5,183) | (44,892) | (76,323) |
| At 31 December 2013 | 94,511 | 36,137 | 179,681 | 310,329 |
| | | | | |
| **DEPRECIATION** | | | | |
| At 1 January 2013 | 39,069 | 18,119 | 107,868 | 165,056 |
| Charge for the year | 22,676 | 9,993 | 25,847 | 58,516 |
| Effects of foreign exchange | (11,180) | (3,282) | (25,622) | (40,084) |
| At 31 December 2013 | 50,565 | 24,830 | 108,093 | 183,488 |
| | | | | |
| **NET BOOK VALUE** | | | | |
| At 31 December 2013 | 43,946 | 11,307 | 71,588 | 126,841 |
| At 31 December 2012 | 54,944 | 22,368 | 103,412 | 180,724 |

| | **Plant & machinery** | **Fixtures & fittings** | **Motor vehicles** | **Total** |
|---|---|---|---|---|
| **COMPANY** | **£** | **£** | **£** | **£** |
| **COST** | | | | |
| At 1 January 2013 | - | 15,674 | - | 15,674 |
| Additions in the year | - | 833 | - | 833 |
| At 31 December 2013 | - | 16,507 | - | 16,507 |
| | | | | |
| **DEPRECIATION** | | | | |
| At 1 January 2013 | - | 6,011 | - | 6,011 |
| Charge for the year | - | 4,340 | - | 4,340 |
| At 31 December 2013 | - | 10,351 | - | 10,351 |
| | | | | |
| **NET BOOK VALUE** | | | | |
| At 31 December 2013 | - | 6,156 | - | 6,156 |
| At 31 December 2012 | - | 9,663 | - | 9,663 |

| | **Plant & machinery** | **Fixtures & fittings** | **Motor vehicles** | **Total** |
|---|---|---|---|---|
| **GROUP** | **£** | **£** | **£** | **£** |
| **COST** | | | | |
| At 1 January 2012 | 84,449 | 49,151 | 229,547 | 363,147 |
| Additions in year | 28,026 | 3,044 | - | 31,070 |
| Disposals in the year | - | - | (1,434) | (1,434) |
| Effects of foreign exchange | (18,462) | (11,708) | (16,833) | (47,003) |
| At 31 December 2012 | 94,013 | 40,487 | 211,280 | 345,780 |

| | | | | |
|---|---|---|---|---|
| **DEPRECIATION** | | | | |
| At 1 January 2012 | 29,538 | 16,516 | 86,805 | 132,859 |
| Charge for the year | 23,419 | 12,041 | 29,981 | 65,441 |
| Disposals in the year | - | - | (1,434) | (1,434) |
| Effects of foreign exchange | (13,888) | (10,438) | (7,484) | (31,810) |
| At 31 December 2012 | 39,069 | 18,119 | 107,868 | 165,056 |
| | | | | |
| **NET BOOK VALUE** | | | | |
| At 31 December 2012 | 54,944 | 22,368 | 103,412 | 180,724 |
| | | | | |
| At 31 December 2011 | 54,911 | 32,635 | 142,742 | 230,288 |

| **COMPANY** | **Plant & machinery £** | **Fixtures & fittings £** | **Motor vehicles £** | **Total £** |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 January 2012 | - | 15,674 | - | 15,674 |
| At 31 December 2012 | - | 15,674 | - | 15,674 |
| | | | | |
| **DEPRECIATION** | | | | |
| At 1 January 2012 | - | 1,797 | - | 1,797 |
| Charge for the year | - | 4,214 | - | 4,214 |
| At 31 December 2012 | - | 6,011 | - | 6,011 |
| | | | | |
| **NET BOOK VALUE** | | | | |
| At 31 December 2012 | - | 9,663 | - | 9,663 |
| | | | | |
| At 31 December 2011 | - | 13,877 | - | 13,877 |

## 8. TRADE AND OTHER RECEIVABLES

| | Group 31 December 2013 £ | Company 31 December 2013 £ | Group 31 December 2012 £ | Company 31 December 2012 £ |
|---|---|---|---|---|
| **Amounts falling due within one year**: | | | | |
| Prepayments | 20,329 | 13,734 | 54,490 | 45,370 |
| Other receivables | 137,205 | 17,049 | 271,205 | 37,947 |
| | 157,534 | 30,783 | 325,695 | 83,317 |
| **Amounts falling due after more than one year:** | | | | |
| Amounts due from subsidiary undertakings | - | 13,173,886 | - | 12,206,822 |

The Parent Company has receivables from Group companies, namely, from WAGE and Namib Lead, which are interest free, unsecured and with no fixed repayment terms.

The Directors are of the opinion that the reasons for not impairing Goodwill (see Note 5) supports their decision not to impair the loans due from WAGE and Namib Lead as at 31 December 2013.

On the acquisition of WAGE and Namib Lead the Parent Company paid £8,000,000 for the loans in WAGE and Namib Lead. Since the acquisition date further amounts have been granted to the subsidiaries as working capital to carry out the Group's exploration and development activities.

## 9. CASH AND CASH EQUIVALENTS

| | Group 31 December 2013 £ | Company 31 December 2013 £ | Group 31 December 2012 £ | Company 31 December 2012 £ |
|---|---|---|---|---|
| Cash at bank and in hand | 577,551 | 520,697 | 858,677 | 726,338 |
| | 577,551 | 520,697 | 858,677 | 726,338 |

## 10. TRADE AND OTHER PAYABLES

| | Group 31 December 2013 £ | Company 31 December 2013 £ | Group 31 December 2012 £ | Company 31 December 2012 £ |
|---|---|---|---|---|
| Trade payables | 143,827 | 109,987 | 165,430 | 141,506 |
| Other payables | 169,453 | 163,063 | 208,400 | 172,923 |

| | | | | |
|---|---|---|---|---|
| | 313,280 | 273,050 | 373,830 | 314,429 |

## 11. SHARE CAPITAL

**Allotted, issued and fully paid:**

| Number | Class | Nominal value | 31 December 2013 | 31 December 2012 |
|---|---|---|---|---|
| | | | £ | £ |
| 1,120,247,632 | Ordinary | 0.2p | 2,240,495 | 1,402,400 |

| Date of issue | Detail of issue | Number of Ordinary shares | Share capital | Share premium |
|---|---|---|---|---|
| | | | £ | £ |
| At 1 January 2013 | | 701,200,000 | 1,402,400 | 16,968,767 |
| 26 April 2013 | Placement to provide a geological review, drilling and working capital | 285,714,300 | 571,429 | 428,571 |
| 23 September 2013 | Placement to provide resource drilling, metallurgical work and start of a feasibility study | 133,333,332 | 266,666 | 533,334 |
| | Issue costs | - | - | (55,323) |
| As at 31 December 2013 | | 1,120,247,632 | 2,240,495 | 17,875,349 |

In the period from 1 January 2013 to 31 December 2013 the following Ordinary share issues occurred:

On 26 April 2013 gross proceeds of £1,000,000 was raised through the placing of 285,714,300 Ordinary shares. The placing allowed for a geological review, surface and underground drilling and working capital.

On 23 September 2013 gross proceeds of £800,000 was raised through the placing of 133,333,332 Ordinary shares. The placing allowed for further resources drilling, metallurgical work and the work-up of a feasibility study on the Namib Lead Zinc mine project.

## 12. TAXATION

| | Group 31 December 2013 | Group 31 December 2012 |
|---|---|---|
| | £ | £ |
| Tax charge for year | - | - |
| **Factors affecting the tax charge for the year** | | |
| Loss from continuing operations before income tax expenses | (2,195,891) | (2,816,853) |

| | | |
|---|---|---|
| Tax at 23.25% (2012: 24.5%) | (510,545) | (690,129) |
| Expenses not deductible | 2,784 | 97,909 |
| Overseas rate differences | (172,411) | (193,983) |
| Excess / (shortfall) of fiscal depreciation over accounting depreciation | 228 | 1,364 |
| Other timing differences not recognised (exploration costs, leave pay) | 397,948 | 481,312 |
| Losses carried forward not recognised | 281,996 | 303,527 |
| **Income tax expense** | - | - |

The Group has tax losses of £5.3m (2013: £4.2m) and exploration costs of £11.0m (2013: £12.7m) which will be available for offset against future income. No deferred tax has been reflected on these assets as the timing of their utilisation is uncertain at this stage.

The total amounts of deferred tax are:

| | **Group 31 December 2013 £** | **Group 31 December 2012 £** |
|---|---|---|
| **Provided for** | | |
| Accelerated capital allowances | - | - |
| Exploration costs | - | - |
| Share based payments | - | - |
| Unutilised losses | - | - |
| Total provided for | - | - |
| **Un-provided for** | | |
| Accelerated capital allowances | 47,620 | 60,212 |
| Exploration costs | (4,122,271) | (4,774,490) |
| Unutilised losses | (1,146,874) | (1,040,193) |
| Total un-provided deferred tax asset | (5,221,525) | (5,754,471) |

## 13. INVESTMENT IN JOINT VENTURE

Brandberg Energy (Proprietary) Limited ('Brandberg'), a Namibian company, was a 50:50 joint venture ("JV") with Extract Resources Ltd ('Extract') and NRR Energy Minerals Limited ("NRR Energy"), a 100% owned subsidiary. In January 2012, NRR Energy transferred US$800,000 (£509,635) to Brandberg to acquire 50% of its share capital. The principal assets of Brandberg were exploration licences, EPL 3327 and EPL 3328, pursuant to which, Brandberg had the rights to explore for nuclear fuel minerals in western Namibia. The Subscription Funds were used by Brandberg to explore for uranium on these licences.

The exploration activity to discover uranium was unsuccessful and in January 2013 the licences were relinquished. The absence of continuing exploration licences in Brandberg resulted in the Company's Directors taking the view to impair the investment in Brandberg to its share of the net asset value as at 31 December 2012, being £154,868. The resulting impairment charge of £354,767 was included in the 2012 consolidated income statement of the Company.

During 2013, the decision was made to close Brandberg and return any remaining assets to its shareholders by way of a dividend. During the year ended 31 December 2013 Brandberg paid a dividend £154,868 to North River Resources Namibia (Pty) Ltd as a final disbursement of funds before deregistering. Following the receipt of the distribution, the Group's carrying value of the associate is £Nil.

The joint venture had no contingent liabilities or capital commitments as at 31 December 2013 and 31 December 2012.

## 14. INVESTMENT IN ASSOCIATED COMPANY

The following entity meets the definition of an associate and has been equity accounted in the consolidated financial statements:

| **Company** | **Country of Incorporation** | **Group interest 31 December 2013** | **Group interest 31 December 2012** |
|---|---|---|---|
| North River Resources (Murrupula) Limitada | Mozambique | 40% | 40% |

North River Resources (Murrupula) Limitada ('Murrupula') is a company that was registered in Mozambique on 27 January 2011. The Group's interest in Murrupula is jointly held by North River Resources plc and NRR Mozambique Limited. It is also the beneficial owner of an exploration licence in Mozambique. The licence and Murrupula are the subject of a Heads of Agreement between Baobab Resources Limited ("Baobab") and North River Resources plc. Under this agreement Baobab is entitled to a 60% participation interest in Murrupula. Boabab have completed the agreed level of exploration work. Legal control over Murrupula has not yet passed to Baobab, however, effective control has passed. Accordingly, these consolidated financial statements have been prepared on the basis that control has passed and that Murrupula is treated as an associate as from 1 October 2011.

Aggregated amounts relating to the associate are as follows:

| | **31 December 2013** | **31 December 2012** |
|---|---|---|
| | **£** | **£** |
| Total assets | 138,678 | 138,678 |
| Total liabilities | (25,208) | (25,208) |
| Net assets/(liabilities) | 113,470 | 113,470 |
| Share of net assets/(liabilities) | 45,388 | 45,388 |
| Goodwill on acquisition | 67,794 | 67,794 |
| The group's share of net assets representing the group's carrying value of investments in associate | 113,182 | 113,182 |

| | | |
|---|---|---|
| Revenues | - | - |
| Losses | - | - |
| The Group's share of loss | - | - |

**Carrying value of investment in associate**

| | Group 31 December 2013 £ | Company 31 December 2013 £ | Group 31 December 2012 £ | Company 31 December 2012 £ |
|---|---|---|---|---|
| Investment at cost | 113,182 | 56,591 | 192 | 56,591 |
| Share of associates loss for the year | - | - | - | - |
| Reversal of prior year share of associates loss | - | - | 112,990 | - |
| Carrying value of investment | 113,182 | 56,591 | 113,182 | 56,591 |

The financial statements as at 31 December 2011 were prepared on the assumption that Murrupula incurred exploration expenditure directly. Subsequent to the release of the 31 December 2011 financial statements, the JV partners agreed that they would account for the respective costs individually. Accordingly, Murrupula has no income or expense either at 31 December 2012 or 31 December 2013, and the disclosure above reflects this.

## 15. SUBSIDIARY ENTITIES

The financial statements include the following subsidiary companies:

| Company | Country of Incorporation | Equity holding | Nature of business |
|---|---|---|---|
| NRR Energy Minerals Limited | United Kingdom | 100% | Exploration and mining |
| NRR Mozambique Limited | United Kingdom | 100% | Exploration and mining |
| West Africa Gold Exploration (Namibia) (Pty) Ltd | Namibia | 100% | Exploration and mining |
| Namib Lead and Zinc Mining (Pty) Ltd | Namibia | 100% | Exploration and mining |
| North River Resources Namibia (Pty) Ltd | Namibia | 100% | Administration |
| North River Resources (Mavuzi) Limitada | Mozambique | 100% | Inactive |

NRR Energy Minerals Limited and NRR Mozambique Limited were established in October and December 2010 respectively as wholly owned subsidiaries of North River Resources plc. NRR Energy Minerals Limited has not traded during the year. NRR Mozambique Limited has not traded however, it has provided financial support to its subsidiary, North River Resources (Mavuzi) Limitada and to its associate North River Resources (Murrupula) Limitada (see note 14).

The acquisition of West Africa Gold Exploration (Namibia) (Pty) Ltd ('WAGE') and Namib Lead is covered in detail under Note 5 'Goodwill and Impairment Review'.

North River Resources Namibia (Pty) Limited was established in December 2009 and acts as the administration company for the Group's activities in Namibia leaving the other subsidiaries to concentrate on exploration activity.

**Carrying value of investments in subsidiaries**

| | 31 December 2013 £ | 31 December 2012 £ |
|---|---|---|
| At 1 January | 472,991 | 472,751 |
| Additions during the year | - | 240 |
| At 31 December | 472,991 | 472,991 |

During the year ended 31 December 2011 North River Resources plc capitalised £472,749 of an outstanding loan due from WAGE into share capital by obtaining a further 600,000 shares in WAGE. The capitalisation was undertaken to improve the relative weighting between the share capital and loan value invested by North River Resources plc in its Namibian subsidiary to comply with exchange control requirements in Namibia.

The Directors are of the opinion that the reasons for not impairing Goodwill (see Note 5) supports their decision not to impair the investments in subsidiaries as at 31 December 2013.

**SHARE-BASED PAYMENTS**

**Share options outstanding**

| | 31 December 2013 Number | 31 December 2012 Number |
|---|---|---|
| Opening balance | 114,200,000 | 114,200,000 |
| Granted in the year | - | - |
| Expired/cancelled during the year [Note 1] | (9,100,000) | - |
| Closing balance | 105,100,000 | 114,200,000 |

Note 1:
9,100,000 options granted on 3 February 2010 with an exercise price of 7.5p expired on 1 January 2013. These options were fully expensed in prior periods. The prior period cost of these options of £85,995 was transferred to retained losses from the share-based payment reserve during the year ended 31 December 2013.

Details of share options outstanding at 31 December 2013:

| Date of grant | Number of options | Option price | Exercisable between |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 24 September 2009 | 61,000,000 | 5p | 24/09/09 – 30/06/14 |
| 24 September 2009 | 10,000,000 | 10p | 24/09/09 – 30/06/14 |
| 12 October 2009 | 10,000,000 | 5p | 12/10/09 – 30/06/14 |
| 23 November 2009 | 15,000,000 | 5p | 23/11/09 – 23/11/14 |
| 3 February 2010 | 4,725,000 | 10p | 03/02/10 – 01/02/15 |
| 3 February 2010 | 4,375,000 | 10p | 01/02/11 – 01/02/15 |

| | |
|---|---|
| Weighted average exercise price of share options: | |
| - outstanding at the beginning of the period | 6 pence |
| - granted during the period | Nil |
| - outstanding at the end of the period | 6 pence |
| - exercisable at the end of the period | 6 pence |
| Weighted average remaining contractual life of share options outstanding at the end of the period | 0.55 years |

## 16. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

| | **Book Values** | | **Fair Values** | |
|---|---|---|---|---|
| | **31 December 2013** | **31 December 2012** | **31 December 2013** | **31 December 2012** |
| | **£** | **£** | **£** | **£** |
| **Financial Assets** | | | | |
| Trade and other receivables | 157,534 | 325,695 | 157,534 | 325,695 |
| Cash and cash equivalents | 577,551 | 858,677 | 577,551 | 858,677 |
| **Total** | 735,085 | 1,184,372 | 735,085 | 1,184,372 |
| **Financial Liabilities** | | | | |
| Trade and other payables | 313,280 | 373,830 | 313,280 | 373,830 |
| **Total** | 313,280 | 373,830 | 313,280 | 373,830 |

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

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

## 17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

**Market risk**

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

**Cash flow interest rate risk**

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

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

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

| | Weighted average effective interest rate | Floating interest rate maturing in 1 year or less | Fixed interest rate 2013 | Non-interest bearing 2013 | Total |
|---|---|---|---|---|---|
| **Year ended 31 December 2013** | **%** | **£** | **£** | **£** | **£** |
| **Financial assets** | | | | | |
| Trade and other receivables | 0.00 | - | - | 157,534 | 157,534 |

| | | | | | |
|---|---|---|---|---|---|
| Cash on deposit | 0.94 | 577,551 | - | - | 577,551 |
| **Total financial assets** | | 577,551 | - | 157,534 | 735,085 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 0.00 | - | - | 313,280 | 313,280 |
| **Total financial liabilities** | | - | - | 313,280 | 313,280 |
| **Year ended 31 December 2012** | **%** | **£** | **£** | **£** | **£** |
| **Financial assets** | | | | | |
| Trade and other receivables | 0.00 | - | - | 325,695 | 325,695 |
| Cash on deposit | 2.76 | 858,677 | - | - | 858,677 |
| **Total financial assets** | | 858,677 | - | 325,695 | 1,184,372 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 0.00 | - | - | 373,830 | 373,830 |
| **Total financial liabilities** | | - | - | 373,830 | 373,830 |

**Net fair value**

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

**Currency risk**

The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the Namibian Dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

**Financial risk management**

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

**Liquidity risk**

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

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

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;

- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

**Credit risk management**

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

Trade receivables at 31 December 2013 consist primarily of prepayments and other sundry receivables. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

**Capital management**

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

## 18. RELATED PARTY TRANSACTIONS

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis (a director who resigned in 2012), charged for secretarial services during the year £Nil (2012: £4,415).

Fernan Pty Ltd, a company associated with Mark Hohnen (a director who resigned in 2012), was paid fees in the amount of £Nil (2012: £21,066) for the provision of services provided by Mark Hohnen.

Full details of Directors' share options and remuneration are included in the Directors' Report.

## 19. EMPLOYEES' AND DIRECTORS' REMUNERATION

The employee costs of the Group (including Directors' remuneration) are as follows:

| **Group** | **Year ended 31 December 2013** | **Year ended 31 December 2012** |
|---|---|---|
| | **£** | **£** |
| Employee remuneration | 312,348 | 261,572 |
| Employee social security costs | 11,930 | 4,367 |
| Total | 324,278 | 265,939 |

| **Average employee numbers** | **Number** | **Number** |
|---|---|---|
| Exploration and expenditure | 10 | 11 |
| Administration and management | 4 | 6 |
| Total | 14 | 17 |

Directors' remuneration (excluding employer's national insurance) for the year was as follows:

| **2013** | **Directors' salary** | **Directors' fees** | **Consulting fees** | **Termination payments** | **Total** |
|---|---|---|---|---|---|
| **Directors** | **Year to 31 Dec 13** | **Year to 31 Dec 13** | **Year to 31 Dec 13** | **Year to 31 Dec 13** | **Year to 31 Dec 13** |
| | **£** | **£** | **£** | **£** | **£** |
| Martin French | 87,500 | 48,000 | - | - | 135,500 |
| Zuyuan He | - | 52,933 | - | - | 52,933 |
| Zhiping Yu | - | 26,467 | - | - | 26,467 |
| Ms. Qi Yu | - | 22,387 | - | - | 22,387 |
| Brett Richards | - | 23,097 | - | - | 23,097 |
| Mark Thompson | - | 6,800 | - | - | 6,800 |
| | 87,500 | 179,684 | - | - | 267,184 |

| **2012** | **Directors' salary** | **Directors' fees** | **Consulting fees** | **Termination payments** | **Total** |
|---|---|---|---|---|---|
| **Directors** | **Year to 31 Dec 12** | **Year to 31 Dec 12** | **Year to 31 Dec 12** | **Year to 31 Dec 12** | **Year to 31 Dec 12** |
| | **£** | **£** | **£** | **£** | **£** |
| Mark Hohnen | - | 21,066 | - | - | 21,066 |
| David Steinepreis | 37,500 | 19,612 | - | 48,000 | 105,112 |
| Martin French | - | 25,032 | 33,700 | - | 58,732 |
| Glyn Tonge | - | 10,534 | - | 24,000 | 34,534 |
| | 37,500 | 76,244 | 33,700 | 72,000 | 219,444 |

Full details of Directors' emoluments are disclosed in the Directors' Report.

## 20. FINANCIAL COMMITMENTS

At 31 December 2013 the Group and Parent Company were committed to making the following payments under non-cancellable operating leases in the year to December 2013:

| | **Group 31 December 2013** | **Company 31 December 2013** | **Group 31 December 2012** | **Company 31 December 2012** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |

| | | | | |
|---|---|---|---|---|
| Operating lease which expired on 26 September 2013 | - | - | 21,949 | 21,949 |

The operating lease was subject to a break clause which allowed the landlord to give notice to the Company to vacate the premises. The notice could not take effect before 31 January 2013. The notice period was a minimum 6 months. The landlord served notice in accordance with the lease agreement in 2012. The Company vacated its previous premises on 26 September 2013.

## 21. CONTROL

No one party is identified as controlling the Group.

## 22. EXPLORATION EXPENDITURE AND RESTORATION COMMITMENTS

**Restoration commitments**

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

**JV agreement with Extract Resources Ltd**

As the JV's licences were relinquished, a final dividend paid and Brandberg has now been deregistered the JV agreement is no longer in place (see Note 13).

The Agreement also allowed for the formation of a 50/50 unincorporated joint venture between WAGE and Extract in relation to the nuclear fuel rights, if granted, in respect of EPL 3139. The exploration activity to discover uranium was unsuccessful and in January 2013 EPL 3139 was relinquished. The terms of the agreement related to this unincorporated joint venture no longer apply.

**Existing Exploration Licences in Namibia**

The Group has a number of exploration licences in Namibia. There is a commitment to spend £1,860,000 on these licences through 2014 and into 2015. There is scope in the Mines and Minerals Act for expenditure to be altered by the Group and still keep the licences in good standing. The commitments are based on a positive outcome for all stages of work within the period of tenure of each licence. It should also be noted that if the project has negative results in the first 6 months of the licence tenure – then the project can be terminated without further expenditure (see Note 5).

**Existing Exploration Licences in Mozambique**

The Group has a 40% interest in a licence in Mozambique, through its associated company North River Resources (Murrupula) Limitada. The cost of maintaining this licence is not significant to the Group and will be borne by North River Resources plc (see Note 14).

## 23. SUBSEQUENT EVENTS

On 20 January 2014 the Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") was submitted to the Namibian Ministry of Environment and Tourism, for its Namib Lead-Zinc Project.

On 29 January 2014 the Company entered into a drill-for-equity agreement with Mr Wilhelm Shali, the owner of the drilling and mining contractor operating at the Company's flagship Namib Lead-Zinc Project in Namibia. The agreement has initially been established to cover the first £175,000 worth of invoicing for drilling activities. 29,166,667 new Ordinary Shares of £0.002 each were issued at an equivalent of 0.6 pence each.

The Company raised gross proceeds of £1,025,000 through a placing of 170,833,333 new Ordinary Shares of £0.002 each on 29 January 2014 through its brokers, Pareto Securities, at a price of 0.6 pence per Ordinary Share.

The Company also raised gross proceeds of £200,000 through a placing of 30,769,232 new Ordinary Shares of £0.002 each on 21 March 2014, at a price of 0.65 pence per Ordinary Share.

The net proceeds of the placings will be applied towards the completion of the Definitive Feasibility Study on the Company's Namib Lead-Zinc Project and for general working capital purposes.

The Company has no Ordinary Shares held in treasury. The total number of voting rights in the Company following these placings and the drill-for-equity agreement is 1,351,016,864.

The Mining Licence for the Namib Lead Zinc Silver mine was submitted in April 2014 and all renewals for EPLs, that have not been relinquished, have been submitted. The Group is currently awaiting confirmation of the EPLs renewals and whether the Mining Licence has been granted.

These events are discussed in more detail in the Managing Director's Statement.

****ENDS****