Registration number 5875525 (England and Wales)

NORTH RIVER RESOURCES PLC

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

DIRECTORS, SECRETARY AND ADVISORS

DIRECTORS:	Zuyuan He (*Non-Executive Chairman*) Martin French (*Executive Director*) Brett Richards (*Non-Executive Director*) Ms. Qi Yu (*Non-Executive Director*) Zhiping Yu (*Non-Executive Director*)
SECRETARY:	John Bottomley
COUNTRY OF INCORPORATION:	England and Wales
REGISTERED NUMBER:	5875525
REGISTERED OFFICE:	One America Square Crosswall London, EC3N 2SG
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JOINT BROKER:	Ocean Equities Limited 3 Copthall Avenue London, EC2R 7BH

MANAGING DIRECTOR'S STATEMENT

I am pleased to report the financial results for North River Resources plc ("North River" or the "Company") for the year ended 31 December 2012. North River is a mineral exploration and development company currently active in sub-Saharan Africa. Our results reflect the focus of our work in 2012 on exploration programmes, principally the re-opening of the brownfield Namib Lead Zinc project (Namib), and show that the group incurred a loss before taxation for the year of £2,816,853 (2011: loss of £2,913,029). The last year also saw considerable change and development at a corporate and project level.

Corporate Developments

In April 2012, our major shareholder, Kalahari Minerals plc, was acquired by a large Chinese state consortium called Taurus Mineral Limited ("Taurus") for £651 million. As a consequence, Taurus became the controlling shareholder of North River, which heralded a major change in the Board and the management of the Company. North River has now become very much focussed on developing its flagship asset, Namib. We have moved quickly to raise additional finance and to review the large number of studies and exploration programmes that have been conducted on the site over the years.

Your company has now commenced a new stage of "proof-of-concept" work to help assess the commercial potential of the project. This includes deep drilling under the old mine, drilling, geophysics and geochemistry of new near-mine targets, exploration of a recently awarded EPL adjacent to the mine, and appraising the potential to re-process tailings. If the results of the proof of concept work are successful, we hope to move the Namib project into a resource development phase and build the documentation for an application for a mining licence. The strategy is to transform North River from a loss-making explorer into profitable revenue-generator.

Taurus was developed as a joint venture between CGNPC (China Guangdong Nuclear Power Holding Corp, the largest nuclear power producer in China) and the China-Africa Development Fund, the largest state equity fund investing in Africa, which was brought in as a 50 per cent. funding partner. Kalahari was acquired to provide CGNPC, access to the Husab Uranium Project in Namibia ("Husab") which is currently estimated to be one of the world's largest uranium discoveries and is being developed locally by Swakop Uranium to feed future raw material demand for Chinese nuclear power.

On completion of the takeover of Kalahari Minerals, North River came under the effective control of Taurus. Two senior CGNPC officials, Mr. Zhiping Yu and Mr. Zuyuan He, were appointed to the North River Board in June 2012, as Non-Executive Director and Non-Executive Chairman. They are respectively the General Manager and Deputy General Manager of the Nuclear Fuels division of CGNPC.

In December 2012, David Steinepreis stepped down from his position as Managing Director to focus on his other business interests in Australia. I was approached by the Board to take the helm of the Company, given my background in business recovery and turnaround situations. After a review of operations, we decided to streamline operations and focus on our flagship project, the re-opening of the Namib Lead Zinc mine ("the Namib project") in Namibia. As part of this, the Company hired Mr. Dominic Claridge as project manager for the Namib project in February 2013. Dominic had previously worked for AIM listed Weatherly International plc, developing a similar lead zinc mine in Namibia and so is well qualified for this position.

In January 2013, we welcomed two new non-executive directors: Mr. Brett Richards, formerly CEO of Avocet Mining plc and currently CEO of Octea Mining, a large diamond producer in Sierra Leone; and Ms. Qi Yu, CEO of Extract Resources Limited, also owned by Taurus. Qi is based in London and so able to act as liaison with our Beijing based Board members. We anticipate appointing a further independent non-executive director in the near future thereby completing the near-term transformation of the Company with a fresh Board and management team.

Fundraising

In April 2013, the Company raised £1 million through a placing with new and existing investors in challenging market conditions which the Board believes is a testament to the strength of the Namib project.

Taurus was unable to participate in the Placing, as it fell outside of its strategic remit to develop the Husab project, and as a result its interests in the Company were diluted to 27 per cent. of the issued share capital. CGNPC continues to give North River active support in Namibia, including helping to further develop our relationship with the Namibian authorities, and providing on the ground advice. We continue to welcome Swakop Uranium officials and staff to the Namib site, which is a short distance from the Husab project.

Namib Project Operational Update

As mentioned previously, North River has now decided to focus its efforts on re-opening the Namib Lead Zinc mine near Swakopmund in Namibia. The Board believes that the prospects of re-opening the Namib mine are good. Adjacent to the mined-out area are a number of ore-bodies on strike that have been drilled to a depth of around 200 metres. There is strong potential that these, and the mined-out ore-bodies, continue at depth, and that further ore-bodies will be appraised close to the mine, or in the local vicinity, yielding the required tonnages to re-open a high grade mine.

Significant work has been undertaken during 2012 on the Namib project. The bottom two levels of the mine were dewatered from September 2011 to April 2012 through the pumping out of approximately 15 million litres of water. We believe when the mine was last in operation the water had entered, via a fault, from the slime pit and had not been correctly disposed of, and as a result was effectively re-circulated into mine. It is also possible that the flash floods in the area, which generally only occur once every few years, may have deposited some additional water. The mine is now dry and we do not expect water to be an on-going issue at this depth in future. However, water may be present at near mine targets.

De-watering of the mine allowed 3D modelling, a photographic survey and a 600 metre channel sampling programme to be conducted at the lower levels, producing some encouraging results and locating pods of high grade ore with up to 20 per cent. contained metal. We expect the quantity of in-situ ore identified within the old mine structure to be between 50,000 and 100,000 tonnes. This ore was due to be mined before the operation was shut down in 1992, due to low commodity prices and unions problems, and is significant because it is so readily accessible. Initial calculations indicate that such ore could account for as much as half a year's resource for the mine's production plan.

In conjunction with the surface drilling programme conducted by Kalahari Minerals in 2007, the surveys carried out in 2012 have enabled the delineation of a maiden JORC resource of 668,000 tonnes at 6.6 per cent. zinc ("Zn"), 2.5 per cent. lead ("Pb"), 46 g/t silver ("Ag") and 33 g/t indium ("In") in October 2012 by CSA Global (UK) Ltd following a site visit, data review and inclusion of drilling and channel sampling results. The following resource figures have been estimated using an ore density of 3.45t/m3 and a cut-off grade of 1 per cent. combined Pb and Zn. Tonnes were rounded to the nearest 1,000 tonnes.

	Tonnes	*Zn %*	*Pb %*	*Ag (g/t)*	*In (g/t)*
JORC Class					
Indicated (North Lodes)	80,000	7.1	1.8	41	51
Inferred (North Lodes)	477,000	6.9	2.5	44	33
Inferred (South Lodes)	111,000	5.1	2.9	62	22
Total Inferred	588,000	6.5	2.6	47	31
Total	668,000	6.6	2.5	46	33

Based on the above, we estimate the current identified ore quantity to be equivalent to between three and four years of mine life, which we believe is likely to exceed the break even threshold for the re-opening of the mine. Unverified historic intercepts, electromagnetic survey results and structural geology all also indicate good prospectivity to establish further resources. We have located data on exploration drilling that was conducted in 1966. Although the results remain unverified, as we have been unable to locate the core, the data shows numerous drill intercepts beneath the mine to 300 metres below surface. This is highly encouraging, as it indicates that the ore-bodies continue at depth.

In addition to exploration data, we have also located historical production data. We have ascertained that the mine produced at least 104,000 tonnes of concentrate, worth in excess of US$100 million in revenue at today's commodity prices and normal recovery returns. This concentrate was extracted from approximately 700,000 tonnes of ore and mined to a depth of around 200m. We calculate that the head grade would have been about 10 per cent. combined lead and zinc contained metal.

The current exploration licence (EPL 2902) covering the Namib project is due to expire in April 2014. In February 2013, we welcomed a visit by officials from the Ministry of Mines and Energy at the mine site, which included a full underground tour and preliminary discussions around renewing our current exploration licence (EPL 2902) that is due to expire in April 2014. Given the amount of work that has been, and continues to be, conducted on the site we do not anticipate a problem in extending the EPL if required. However, we hope to potentially be in a position to apply for a mining licence before the expiry of the EPL.

Accordingly, numerous aspects of the mining licence application have already been advanced. The Environment Impact Assessment ("EIA") report is largely complete and has found few environmental concerns facing the re-opening of the mine due to its desert based location. A public Interested and Affected Parties ("IAP") community consultation meeting was also held in May 2013 in Swakopmund and encountered no serious opposition to the project. The Company is now awaiting written submissions relating to the IAP meeting. We also completed a full environmental clean-up of the Namib site. Equipment at surface, including the head gear, was found to be no longer serviceable and was sold for scrap. A number of buildings were also demolished and removed.

Further, in April 2013, we took delivery of a structural geological review of the site by Dr. Neal Reynolds, a globally recognised authority on this type of deposit, which has given the Company a greatly enhanced understanding of the mineralisation and its controls. Among other data, Dr. Reynolds reviewed the 1,572km VTEM survey flown over the licence area last year at a tight 25 metre spacing. His report concluded that the mineralisation is not a deformed Mississippi Valley Type formation as previously thought, but an intrusive-related replacement mineralisation. Based on his conclusions, and taken in conjunction with the structural geology, a number of significant new targets in the vicinity of the mine have been identified and which will be evaluated this year in preparation for drilling.

The Company was also granted a large new EPL (no 5075) in May 2013, located to the east and south of the Namib project, which contains a number of promising Pb-Zn targets according to historic geochemical and drilling information. The host marble rock of the Namib mine extends into a significant area of EPL 5075 and we are hopeful that this will provide a number of new opportunities for the Company over the coming year. We felt it important to secure the EPL, which covers 12,395ha, before advanced resource drilling and exploration of near mine targets commenced.

Namib Project Future Development Plans

A Conceptual Engineering Study ("CES") and Development Plan for Namib was developed throughout 2012 and presented in Q4 2012 to the Board for review. The CES will provide important groundwork for a pre-feasibility study and will consequently help accelerate the development of the project.

Following its review of the CES, the Board has initiated a three stage programme for the Namib project. Stage One (designated "proof-of-concept") will comprise further drilling and geophysics over the coming months designed to better understand the extent and the scope of the ore-body around the historic mine. We wish to investigate three targets along strike of existing ore bodies very close to the mine site, and examine the ore bodies at depth via drilling from surface and down hole electromagnetic probes ("DHEM"). This will hopefully give the Company a better feel for the longer-term potential of the mine and provide clearer targets for resource drilling. Stage Two is anticipated to largely comprise of resource drilling, much of it probably underground, and possibly concurrently with producing the remaining studies and reports necessary to support an application for a mining licence. Stage Three would comprise the development of the mine, and could be completed within a year at low cost by installing modular units.

We are currently planning for a 200,000 tonne per annum processing plant which will make use of the existing excellent road, and power infrastructure. Plant equipment of this scale can be bought off the shelf and in modular form thereby keeping costs down. We anticipate capacity at Walvis Bay port, located 60km away, to import the required capital equipment during development and to export the concentrate (via container) during production. The town of Swakopmund is located only 20km along the Trans-Kalahari Highway from the mine and therefore we will probably not have to build worker accommodation on site. The project benefits from being small and having established infrastructure, reducing the anticipated capital expenditure.

Other Assets

In addition to the Namib project, the Company has numerous other interests in both Namibia and Mozambique which remain valuable additions to our portfolio. However, in the near-term our strategy will be to devote the Company's resources to the Namib project. The copper projects in particular have received considerable exploration expenditure in recent years relative to their size and we do not consider further budgets are warranted at this stage. However, we expect to turn our attention to realising shareholder value from these assets later in the year.

Witvlei and Dordabis Copper Projects ('Witvlei and Dordabis') – 100 per cent. owned

In order to increase confidence in our geological model the surface outcrop at Malachite Pan has been re-mapped and the previous drill results re-interpreted. A number of areas were identified for further testing and a diamond drilling programme commenced in late April 2012. A total of approximately 1,770m were drilled. The drilling was completed in August 2012 and the site has been rehabilitated.

The Company received encouraging results from metallurgical test work completed on samples from Malachite Pan. Flotation tests yielded recoveries of 82.4 per cent. copper and 77.7 per cent. silver from the oxide sample and recoveries of 92.8 per cent. copper and 83.5 per cent. silver were achieved from the sulphide sample.

Brandberg Energy

Brandberg Energy has completed a 1,500 metre drill programme to test two uranium targets identified by horizontal loop electromagnetic ("HLEM") surveys completed in 2011.

Results from the drill programme demonstrated the presence of minor secondary mineralisation in the area. The mineralisation is restricted to the top few metres (<5 metre) of sporadically developed surface calcrete sheets and patchily developed calcrete gravels in one major paleochannel identified by horizontal loop electromagnetic surveys.

These results have shown that the identified mineralisation does not constitute an economically exploitable secondary uranium deposit and therefore no further work is planned. The Joint Venture has therefore been wound up.

Outjo Project

North River was awarded two contiguous Exclusive EPLs in Namibia covering 859.7 sq km of tectono-stratigraphic terrain, considered prospective for gold mineralisation and rare earth elements in September 2012.

The two EPLs, 4560 and 4561, which together form the Outjo Project, are located approximately 15km east of the regional town of Outjo, 280km north of the capital of Windhoek. The area is largely underlain by rocks of the Damara Supergroup and straddles the boundary between the Northern/Outjo Zone and the Northern Margin of the Damara Orogen. This setting is considered prospective for gold mineralisation in the Karibib Formation, similar to other known gold deposits in Namibia. This includes AuryxGold Namibia's Otjikoto gold project, which has a current indicated resource of approximately 1.2 million ounces and is, reportedly, being brought into production during 2014.

The Outjo Project also contains a number of discrete magnetic anomalies which are interpreted to be possible alkalinecarbonatite intrusive complexes prospective for rare earth elements.

An exploration programme has been planned which will include the compilation and review of available data and initial reconnaissance visits to the field area. Initial field programmes will commence with field mapping, soil sampling and ground geophysical surveys aimed at identifying targets for testing.

Hero Project

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

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

Existing regional airborne geophysical data was acquired and reinterpreted. This work resulted in two target areas being identified.

Mozambique

Whilst North River and its Mozambique joint venture partner, Baobab Resources Plc, continue to progress their work programmes at the Monte Muande, the Company is progressing the regulatory approval process in respect of the transfer of the licences to North River, and transfer of such interest to the joint venture, in accordance with the terms of the Heads of Agreement announced on the 15 November 2010. Whilst this formal approval process has taken longer than anticipated, North River is confident of obtaining the necessary approvals. The Joint Venture with Jacana Resources is under review.

MANAGING DIRECTOR'S STATEMENT

I appreciate it has been a difficult year for North River shareholders, with major changes in the Company coinciding with extremely poor conditions for junior mining companies on the stock market. However we have been working hard to turn around the Company and we have so far made good progress on a number of fronts. I would especially like to thank those smaller shareholders that have stuck with us through challenging times and welcome new investors.

Martin French
Managing Director

26 June 2013

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their report, together with the audited financial statements for North River Resources plc ('North River' or 'the Company') and its subsidiary undertakings (together 'the Group') for the year ended 31 December 2012.

The Company is registered in England and Wales, having been incorporated on 13 July 2006 under the Companies Act with registration number 5875525 as a public company limited by shares.

The Company was first admitted to trading on the AIM Market of the London Stock Exchange plc on 27 December 2006.

Principal activity, business review and future development

A full review of the Company's performance and prospects is given in the Managing Director's Statement on pages 4 to 9.

Financial results

During the year, the Company invested considerably in its Namibian portfolio. In light of this, the Group is reporting a loss of £2,816,853 (2011: £2,913,029) for the year ended 31 December 2012. This loss is in line with the Directors' expectations and includes exploration and administrative expenditure of £2,538,584 (2011: £2,743,413) and a share based payment charge of £Nil (2011: £137,570).

The Group's primary activity remains mineral exploration, consequently there has been no production revenue.

Cash balances at the year end remained healthy at £858,677 (2011: £3,765,414).

Principal risks and uncertainties facing North River

North River is in the business of exploring for minerals. Accordingly the principal operational risks and uncertainties facing North River include, but are not limited to, the time and monetary costs associated with unsuccessful exploration efforts; mechanical or technical problems encountered during exploration; failure to define economic mineral resources; inability to establish an economic processing method for any mineral deposit discovered; deterioration in commodity prices or economic conditions. Pursuant to the terms of the respective joint ventures, and typical of the industry, North River is also potentially exposed to the timing, financial and operational position of those joint ventures.

Financial instruments and financial risk management

The Group's financial instruments and financial risk management disclosures have been made in Note 19 of the financial statements.

Directors

The following Directors held office during the year and remain in office as at the date of this report unless stated otherwise:

Directors who held office during the year:

Martin French	
Zuyuan He	Appointed 08.06.2012
Zhiping Yu	Appointed 08.06.2012
Mark Hohnen	Resigned 08.06.2012
Glyn Tonge	Resigned 08.06.2012
David Steinepreis	Resigned 29.12.2012

Directors appointed post year end:

Brett Richards	Appointed 15.01.2013
Ms. Qi Yu	Appointed 25.01.2013

Directors' interests

The beneficial and non-beneficial interests in the Company's shares and share options of the current Directors and their families, as at 31 December 2012 are as follows:

Directors	*Ordinary shares 31 December 2012*	*Ordinary shares 31 December 2011*	*Share options 31 December 2012*	*Share options 31 December 2011*	*Notes*
Zuyuan He	–	–	–	–	
Martin French	16,000,000	13,300,000	11,000,000	11,000,000	1
Zhiping Yu	–	–	–	–	

Share options are disclosed in Note 16 of the financial statements.

Note:

1. The shares and share options are held directly by the Director.

Between the year-end and the date of this report the following changes in the Directors' shareholdings have taken place as a result of their participation in a placing of 285,714,300 new Ordinary Shares of £0.002 each on 26 April 2013:

Martin French and Brett Richards, subscribed for 64,928,586, and 14,285,714 Ordinary Shares respectively in the Placing.

Martin French now has an interest in 80,928,586 Ordinary Shares in the Company representing 8.20 per cent. of the enlarged issued share capital. Brett Richards has an interest in 14,285,714 Ordinary Shares in the Company representing 1.45 per cent. of the enlarged issued share capital.

Directors' remuneration and service contracts

The remuneration paid to the Directors and/or entities related to Directors during the year to 31 December 2012 was as follows:

Directors	*Directors' salary year to 31 December 2012* £	*Directors' fees year to 31 December 2012* £	*Consulting fees year to 31 December 2012* £	*Employers' NI year to 31 December 2012* £	*Termination payments year to 31 December 2012* £	*Total year to 31 December 2012* £	*Fees, salaries and Share based payments year ended 31 December 2011* £	*Notes*
Mark Hohnen	–	21,066	–	–	–	21,066	50,086	1
David Steinepreis	37,500	19,612	–	6,626	48,000	111,738	203,797	2
Martin French		25,032	33,700	–	–	58,732	68,806	3
Glyn Tonge	–	10,534	–	–	24,000	34,534	24,444	4
Zuyuan He	–	–	–	–	–	–	–	5
Zhiping Yu	–	–	–	–	–	–	–	5
Total	37,500	76,244	33,700	6,626	72,000	226,070	347,133	

Notes:

1. On 28 October 2009, the Company entered into an agreement for services with Fernan Pty Limited which provides for Mark Hohnen to perform his services on behalf of the Company and Group as a non-executive director for a fee of £48,000 per annum. Mark Hohnen resigned on 8 June 2012.

2. David Steinepreis was paid a gross salary of £85,500 (2011: £150,000) for work undertaken by him in the corporate management of the Company. David Steinepreis resigned on 29 December 2012.
3. On 28 October 2009, the Company entered into a non-executive director appointment agreement with Martin French, effective as from 1 July 2009, which provides for Mr. French to serve the Company and Group as a nonexecutive director for a fee of £24,000 per annum plus £600 per day if directed to perform additional tasks. The Board in March 2013 approved a revised figure of £48,000 per annum for director's fees, whilst Mr. French acts in an executive capacity. The 1 July 2009 agreement continues unless and until it is terminated on not less than 3 months' written notice.
4. On 28 October 2009, the Company entered into a non-executive director appointment agreement with Glyn Tonge, which provides for Mr. Tonge to serve the Company and Group as a non-executive director for a fee of £24,000 per annum. Glyne Tonge resigned on 8 June 2012.
5. No agreements have been entered into with Zuyuan He and Zhiping Yu for the provision of their services.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Substantial shareholders

In accordance with Chapter 5 of the FCA Disclosure and Transparency Rules, the Company has been notified that as at 31 May 2013 the following interests of 3 per cent. or more existed in its Ordinary share capital.

	Number of Ordinary shares	*%*
Kalahari Gold Limited(Note 1)	245,000,000	24.82
Morstan Nominees Limited(Note 2)	80,928,586	8.20
Hargreaves Lansdown (Nominees) Limited	68,903,437	6.98
TD Direct Investing Nominees (Europe) Limited	45,164,649	4.58
Barclayshare Nominees Limited	36,183,225	3.67
L R Nominees Limited	30,759,777	3.12
Investor Nominees Limited	30,750,241	3.12

Notes:

1. Taurus Mineral Limited, a company formed at the direction of CGNPC Uranium Resources Co Ltd and the China-Africa Development Fund, acquired the shareholdings of both Kalahari Gold Limited and Kalahari Diamonds Limited, as a result of their acquisition of Kalahari Minerals on 28 February 2012. Taurus therefore had a total shareholding of 38.03 per cent. at 31 December 2012. Post the April 2013 share placing this reduced to 27.02 per cent.
2. This shareholding belongs to Martin French.

Suppliers' payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. The Group's trade and other payables days is 54 (2011: 52).

Going concern

The Group had a cash balance of £1.02 million at 31 May 2013. As set out in the MD statement the Company successfully raised via a private placing £1 million of working capital in April 2013. These funds will be used to meet day-to-day operating expenditure on the Namib project. This focus will, in the near term, delay expenditure on the other exploration licences referred to in note 24. However, the Directors are confident that the current exploration activity on the Namib project will de-risk the project by increasing confidence in its commercial potential. This will enable the Directors to raise additional funds to support Namib's next stage of development and continue exploration on its other Namibian licences.

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 liabilities for at least the next twelve months from the date of approval of theses financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the accounts. (see note 1.2)

Internal controls

The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate course of action to manage these risks.

Audit committee

The Audit Committee meets to discuss the half yearly and annual results. For the annual results, the independent auditors, UHY Hacker Young LLP, are invited to discuss the results and their assessment of internal controls. The Chairman of the Audit Committee is Zuyuan He and the other participating member of the Committee during the year was Martin French.

Remuneration committee

The Remuneration Committee meets on an "as required" basis and met once during the year. The Chairman of the Remuneration Committee is Zuyuan He and the other participating member during the year was Martin French.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and the profit and loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and accounting estimates that are reasonable and prudent;

(c) state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

In accordance with Section 487(2) of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the Company and that the Directors be authorised to fix their remuneration will be put to the General Meeting.

By order of the Board

Martin French
Managing Director

26 June 2013

Non-Executive Directors

Zuyuan He *(Non-Executive Chairman) (Age 48)*

Zuyuan has over 21 years of experience in uranium exploration and financial management and is Deputy General Manager of CGNPC-URC. He is also currently a Director of the following companies: Taurus; Kalahari; Beijing Sino-Kaz Uranium Resources Investment Company Limited; China Uranium Development Company Limited; CGN Mining Company Limited; Energy Metals Limited; and 'Semizbay-U' LLP. Previously, Zuyuan has also held the following positions: Finance Controller and Manager of the department of capital operation of Beijing Changxin state-owned assets investment and operation Company; Manager of the financial and planning department at CGNPC-URC; and Chief Financial Officer of CGNPC-URC. He has not held any other directorships in the past five years.

Brett Allan Richards *(Non-Executive Director) (Age 48)*

Brett is an entrepreneurial mining and metals executive with a unique background in mine development and senior level operations experience. He brings publicly listed CEO experience in the mining sector, as well as business development, mine financing and operational experience in Africa to North River Resources. Brett has led greenfield/brownfield start-ups, turnarounds and mergers / acquisitions, and has world-wide business experience in 4 continents, and over 20 countries. Currently the CEO of Octéa Limited, and formerly the CEO of Avocet Mining plc (LSE & AIM), Brett has held executive management positions at a variety of publicly traded companies – Katanga Mining Limited (TSX:KAT), Kinross Gold (TSX:K) and Co-Steel Inc. (TSX:CEI), prior to its acquisition by Gerdau SA in 2000. Mr. Richards has a degree in mechanical engineering and business and also sits on the board of directors of Atlantic Industrial Minerals (TSXV:ANL) and is the principal of Richards Enterprises Inc. (CI).

Ms. Qi Yu *(Non-Executive Director) (Age 41)*

Qi is the CEO of Extract Resources Limited and a director of Kalahari Minerals, which holds a 38 per cent. interest in North River. Qi acts as a central point of contact between Kalahari's Chinese parent company, CGNPC, and Kalahari's UK executives and has worked with CGNPC on audit and accounting training for almost 10 years. She is a member of the Chinese Institute of Certified Public Accountants and has significant business experience as a founding partner of ZTHZ , one of China's top 14 audit and accounting firms employing more than 750 staff in 17 offices across China. Qi previously worked as Manager of Mainland and International Affairs for the Hong Kong CPA institute, before moving to the UK in 2006 where she worked for many years at a top 20 UK accountancy firm in corporate finance. Qi, who speaks fluent English, joined Kalahari Minerals as COO in 2011, immediately following its acquisition.

Zhiping Yu *(Non-Executive Director) (Age 50)*

Zhiping has been General Manager of CGNPC-URC for the past two years. He is currently a Director of Taurus and Kalahari and is Chairman of the following companies: CGNPC Uranium (Xinjiang) Company Limited; CGNPC Uranium (Guandong) Company Limited; China Uranium Development Company Limited and CGN Mining Company Limited. Previously, Zhiping held the position of General Manager of the strategic planning department at China Guandong Nuclear Power Holding Company. He has not held any other directorships in the past five years.

Executive Director

Martin Stephen French *(Managing Director) (Age 51)*

Martin joined the Board in December 2008. He started his career at Merrill Lynch and has 25 years' experience in international capital markets and the junior resource sector. He was a journalist at Euromoney magazine and the launch editor of Euroweek and later Asiamoney magazine in Hong Kong. In 1991 he joined and later became a partner of Credit Lyonnais Securities Asia (CLSA) for eight years, running their operations in Thailand, Malaysia/Singapore, then Chinese Corporate Finance and launching CLSA's business in Latin America. Martin has built a career in start-up operations and raising funds.

We have audited the financial statements of North River Resources plc for the year ended 31 December 2012 ("the financial statements") which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2012 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures in note 1.2 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred a loss of £2.8 million during the year ended 31 December 2012 and is still incurring losses. Along with similar sized exploration and mining companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. As discussed in note 1.2 the company will need to raise further funds in order to meet its budgeted operating and exploration costs for the next year. These conditions, along with other matters disclosed in note 1.2 indicate the existence of a material uncertainty which may cast doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young LLP
Chartered Accountants and Statutory Auditor

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London, E1W 1YW

26 June 2013

NORTH RIVER RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	*2012* £	*2011* £
CONTINUING OPERATIONS			
Revenue		–	–
Other operating income		11,249	4,070
Exploration & evaluation expenditure		(1,466,767)	(1,705,391)
Administrative expenses before share based payments		(1,071,817)	(1,038,022)
Share based payments	16	–	(137,570)
Total administrative expenses		(1,071,817)	(1,175,592)
OPERATING LOSS	3	(2,527,335)	(2,876,913)
Interest payable on short term borrowings		(7,346)	(38)
Interest received on bank deposits		52,387	76,912
Impairment of investment in joint venture	13	(354,767)	–
Reversal of prior year share of associate's loss	14	112,990	(112,990)
Impairment of goodwill	17	(92,782)	–
LOSS BEFORE TAX		(2,816,853)	(2,913,029)
Taxation	12	–	–
LOSS FOR THE YEAR		(2,816,853)	(2,913,029)
OTHER COMPREHENSIVE INCOME:			
Currency translation gain/(loss)		37,505	(80,063)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,779,348)	(2,993,092)
Loss per share			
Basic and diluted – pence per share	4	(0.40p)	(0.43p)

The results for 2012 and 2011 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 AS AT 31 DECEMBER 2012

	Notes	*Group 31 December 2012 £*	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
NON-CURRENT ASSETS					
Goodwill	5	7,738,986	–	7,831,768	–
Intangible assets	6	69,166	66,178	76,479	66,968
Property, plant and equipment	7	180,724	9,663	230,288	13,877
Amounts due from subsidiary undertakings	8	–	12,206,822	–	11,642,770
Investment in joint venture	13	154,868	–	–	–
Investment in associated company	14	113,182	56,591	–	56,495
Investments in subsidiary companies	15	–	472,991	–	472,751
		8,256,926	12,812,245	8,138,535	12,252,861
CURRENT ASSETS					
Trade and other receivables	8	325,695	83,317	335,473	189,074
Cash and cash equivalents	9	858,677	726,338	3,765,414	2,430,355
		1,184,372	809,655	4,100,887	2,619,429
TOTAL ASSETS		9,441,298	13,621,900	12,239,422	14,872,290
CURRENT LIABILITIES					
Trade and other payables	10	373,830	314,429	392,606	219,936
TOTAL LIABILITIES		373,830	314,429	392,606	219,936
NET ASSETS		9,067,468	13,307,471	11,846,816	14,652,354
EQUITY					
Share capital	11	1,402,400	1,402,400	1,402,400	1,402,400
Share premium	11	16,968,767	16,968,767	16,968,767	16,968,767
Share-based payments reserve		4,530,440	4,530,440	4,530,440	4,530,440
Translation reserve		40,085	–	2,580	–
Retained losses		(13,874,224)	(9,594,136)	(11,057,371)	(8,249,253)
TOTAL EQUITY		9,067,468	13,307,471	11,846,816	14,652,354

These financial statements were approved by the Board of Directors on 26 June 2013 and signed on its behalf by:

Martin French
Managing Director

Company Registration Number: 5875525

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	*Share premium* £	*Retained losses* £	*Share-based payment reserve* £	*Translation reserves* £	*Total equity* £
GROUP						
At 31 December 2010	1,192,400	14,203,767	(8,299,117)	4,547,645	82,643	11,727,338
Loss for 2011	–	–	(2,913,029)	–	–	(2,913,029)
Other comprehensive income						
Currency translation losses	–	–	–	–	(80,063)	(80,063)
Total comprehensive loss for the year	–	–	(2,913,029)	–	(80,063)	(2,993,092)
Transactions with shareholders:						
Shares issued	210,000	2,940,000	–	–	–	3,150,000
Share issue expenses	–	(175,000)	–	–	–	(175,000)
Share-based payment	–	–	–	137,570	–	137,570
Transfer on expired share options to retained losses	–	–	154,775	(154,775)	–	–
At 31 December 2011	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 for the year	–	–	(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

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	*Share premium* £	*Retained losses* £	*Share-based payment reserve* £	*Total equity* £
COMPANY					
At 31 December 2010	1,192,400	14,203,767	(7,044,017)	4,547,645	12,899,795
Loss for 2011	–	–	(1,360,011)	–	(1,360,011)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the year	–	–	(1,360,011)	–	(1,360,011)
Transactions with shareholders:					
Shares issued	210,000	2,940,000	–	–	3,150,000
Share issue expenses	–	(175,000)	–	–	(175,000)
Share-based payment	–	–	–	137,570	137,570
Transfer on expired share options to retained losses	–	–	154,775	(154,775)	–
At 31 December 2011	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 for the year	–	–	(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

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	*Group 2012 £*	*Company 2012 £*	*Group 2011 £*	*Company 2011 £*
Cash flows from operating activities					
Operating loss		(2,527,335)	(1,370,878)	(2,876,913)	(1,408,307)
Adjustments for non-cash items:					
Depreciation and amortisation charges		75,149	5,004	95,012	2,587
Share-based payments		–	–	137,570	137,570
Loss on disposal of fixed assets		–	–	750	–
		(2,452,186)	(1,365,874)	(2,643,581)	(1,268,150)
Movement in working capital					
Decrease/(increase) in debtors		9,778	105,757	(226,717)	(151,455)
(Decrease)/increase in creditors		(18,776)	94,493	255,610	147,254
Net movements in working capital		(8,998)	200,250	28,893	(4,201)
Net cash used in operating activities		(2,461,184)	(1,165,624)	(2,614,688)	(1,272,351)
Cash flows from investing activities					
Purchase of intangible fixed assets		(10,607)	–	(30,233)	(7,023)
Loans to subsidiaries		–	(564,052)	–	(2,271,467)
Investment in subsidiary		–	(240)	–	(472,751)
Investment in associate		(192)	(96)	–	–
Investment in joint venture		(509,635)	–	–	–
Cash received from asset disposals		–	–	26,784	–
Purchase of property, plant and equipment		(31,070)	–	(180,142)	(15,674)
Net cash used in investing activities		(551,504)	(564,388)	(183,591)	(2,766,915)
Cash flow from financing activities					
Issued shares		–	–	3,150,000	3,150,000
Issue expenses		–	–	(175,000)	(175,000)
Interest paid		(7,346)	–	(38)	(15)
Interest received		52,387	25,995	76,912	48,314
Net cash from financing activities		45,041	25,995	3,051,874	3,023,299
(Decrease)/increase in cash and cash equivalents		(2,967,647)	(1,704,017)	253,595	(1,015,967)
Cash and cash equivalents at beginning of the year	9	3,765,414	2,430,355	3,536,920	3,446,322
Exchange gain/loss		60,910	–	(25,101)	–
Cash and cash equivalents at end of the year	9	858,677	726,338	3,765,414	2,430,355

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

1. ACCOUNTING POLICIES

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

1.1 *Basis of preparation*

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

The Group's financial statements for the year ended 31 December 2012 were authorised for issue by the Board of Directors on 26 June 2013 and were signed on the Board's behalf by Martin French. The Group financial statements are presented in UK pounds sterling.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a Statement of Comprehensive Income. A loss for the year ended 31 December 2012 of £1,344,883 (2011: loss of £1,360,011) has been included in the Group's Statement of Comprehensive Income.

1.2 *Going concern*

During the year ended 31 December 2012 the Group made a loss of £2,816,853 (2011: a loss of £2,913,029). At the Statement of Financial Position date the Group had net assets of £9,067,468 (2011: net assets of £11,846,816) of which £858,677 (2011: £3,765,414) was cash at bank. The operation of the Group is currently being financed from funds which the Parent Company raised from private and public placings.

The Group had a cash balance of £1.02 million at 31 May 2013. As set out in the MD statement the Company successfully raised via a private placing £1 million of working capital in April 2013. These funds will be used to meet day-to-day operating expenditure on the Namib project. This focus will, in the near term, delay expenditure on the other exploration licences referred to in note 24. However, the Directors are confident that the current exploration activity on the Namib project will de-risk the project by increasing confidence in its commercial potential. This will enable the Directors to raise additional funds to support Namib's next stage of development and continue exploration on its other Namibian licences.

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 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. Consequently a material uncertainty exists that may cast doubt on the Group's ability to continue 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. ACCOUNTING POLICIES (continued)

1.3 *Basis of consolidation*

The consolidated financial statements incorporate the accounts of the Parent 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 and loss on sale.

1.5 *Impairment of assets*

Where appropriate the Group reviews the carrying amounts of its goodwill, property, 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 *Property, plant and equipment*

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

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

1. ACCOUNTING POLICIES (continued)

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*

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. ACCOUNTING POLICIES (continued)

1.13 *Interests in joint ventures*

The Group has 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.

1. ACCOUNTING POLICIES (continued)

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

1.16 ***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 nonvesting 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.

1. ACCOUNTING POLICIES (continued)

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:

Valuation of goodwill and investments

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

Further detailed analysis of the critical judgements and estimates relating to goodwill and investments is addressed in Note 17.

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.

1. ACCOUNTING POLICIES (continued)

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 19 to the accounts.

1.23 ***Losses per share***

Basic losses per share is calculated by dividing the loss attributable to equity holders of the Parent Company, excluding any costs of servicing equity other than dividends, by the weighted average number of Ordinary shares in issue, adjusted for any bonus elements.

Diluted earnings per share is calculated as net loss attributable to members of the Parent Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential Ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential Ordinary shares.

Share options are considered anti-dilutive as the Group is in a loss making position.

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 7 Financial Instruments: Disclosures	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 2013
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

1. ACCOUNTING POLICIES (continued)

Standard	*Details of amendment*	*Annual periods beginning on or after*
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 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.	1 January 2013
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 2013
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 2013
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
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.	1 January 2013

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. SEGMENT REPORTING

For the purposes of segmental information, the operations of the Group are focused in the United Kingdom, Namibia and Mozambique and comprise one class of business: the exploration and evaluation of mineral resources.

The Parent Company acts as a holding company.

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

2. SEGMENT REPORTING (continued)

Geographical Segment – Group 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	(1,191,086)	(1,664,157)	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	8,244,051	503,355	320,062	9,067,468

At the end of 31 December 2012, the Group had not commenced commercial production from its exploration sites and therefore had no turnover for the year.

Geographical Segment – Group 31 December 2011

	United Kingdom	*Namibia*	*Mozambique*	*Total*
	£	£	£	£
Other income	–	4,070	–	4,070
Exploration & evaluation expenditure	(133,231)	(1,547,767)	(24,393)	(1,705,391)
Administration expenses	(800,408)	(237,614)	–	(1,038,022)
Share of associate's loss	–	–	(112,990)	(112,990)
Interest paid	(15)	(23)	–	(38)
Interest received	48,314	28,598	–	76,912
Share based payments	(137,570)	–	–	(137,570)
Loss before taxation	(1,022,910)	(1,752,736)	(137,383)	(2,913,029)
Trade and other receivables	189,076	121,189	25,208	335,473
Cash and cash equivalents	2,430,355	1,322,778	12,281	3,765,414
Accrued expenditure and provisions	(219,936)	(172,670)	–	(392,606)
Goodwill	7,831,768	–	–	7,831,768
Intangible assets	968	11,993	63,518	76,479
Property, plant and equipment	13,877	216,411	–	230,288
Net assets	10,246,108	1,499,701	101,007	11,846,816

3. OPERATING LOSS

The consolidated operating loss before tax is stated after charging:

	Year ended 31 December 2012 £	*Year ended 31 December 2011* £
Depreciation and amortisation – owned assets	75,149	95,012
Parent Company auditor's remuneration	22,000	20,000
Parent Company auditor's remuneration for non-audit taxation work	8,000	4,850
Exploration & evaluation costs	1,466,767	1,705,391
Subsidiary auditor's remuneration	12,236	14,802
Share based payments	–	137,570

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 2012	(2,816,853)	701,200,000	(0.40) pence
Year ended 31 December 2011	(2,913,029)	672,065,385	(0.43) pence

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

5. GOODWILL AND BUSINESS COMBINATIONS

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 ("Ordinary shares") each at 3 pence per Ordinary share.

	31 December 2012 £	*31 December 2011* £
Goodwill	7,738,986	7,831,768

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 2012 (see note 17). However, this goodwill has been written down by £92,782 being the value of the Ubib Exclusive Prospecting Licenses (EPL) 3139 which, was relinquished in April 2013.

6. INTANGIBLE ASSETS

	Exploration licences £	*Software* £	*Total* £
GROUP			
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

	Royalty contracts £	*Software* £	*Total* £
COMPANY			
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

6. INTANGIBLE ASSETS (continued)

	Exploration licences £	*Software* £	*Total* £
GROUP			
COST			
At 1 January 2011	305,087	32,436	337,523
Additions in the year	14,759	15,474	30,233
Disposals in the year	(113,709)	(18,638)	(132,347)
Effects of foreign exchange	(31,289)	(7,000)	(38,289)
At 31 December 2011	174,848	22,272	197,120
AMORTISATION			
At 1 January 2011	113,362	22,053	135,415
Charge for the year	20,002	11,040	31,042
Disposals in the year	(718)	(18,638)	(19,356)
Effects of foreign exchange	(21,978)	(4,482)	(26,460)
At 31 December 2011	110,668	9,973	120,641
At 31 December 2011	64,180	12,299	76,479
At 31 December 2010	191,725	10,383	202,108

	Exploration licences & Royalty contracts £	*Software* £	*Total* £
COMPANY			
COST			
At 1 January 2011	235,485	2,368	237,853
Additions in the year	7,023	–	7,023
Disposals in the year	(176,508)	–	(176,508)
At 31 December 2011	66,000	2,368	68,368
AMORTISATION			
At 1 January 2011	–	610	610
Charge for the year	–	790	790
At 31 December 2011	–	1,400	1,400
At 31 December 2011	66,000	968	66,968
At 31 December 2010	235,485	1,758	237,243

7. PROPERTY, PLANT AND EQUIPMENT

	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

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
COMPANY				
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

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
GROUP				
COST				
At 1 January 2011	58,019	40,298	241,609	339,926
Additions in year	58,313	33,979	87,850	180,142
Disposals in the year	–	–	(47,885)	(47,885)
Effects of foreign exchange	(31,883)	(25,126)	(52,027)	(109,036)
At 31 December 2011	84,449	49,151	229,547	363,147
DEPRECIATION				
At 1 January 2011	33,217	26,190	95,737	155,144
Charge for the year	21,169	11,844	30,957	63,970
Disposals in the year	–	–	(20,351)	(20,351)
Effects of foreign exchange	(24,848)	(21,518)	(19,538)	(65,904)
At 31 December 2011	29,538	16,516	86,805	132,859
NET BOOK VALUE				
At 31 December 2011	54,911	32,635	142,742	230,288
At 31 December 2010	24,802	14,108	145,872	184,782

	Plant & machinery £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
COMPANY				
COST				
At 1 January 2011	–	–	–	–
Additions in year	–	15,674	–	15,674
At 31 December 2011	–	15,674	–	15,674
DEPRECIATION				
At 1 January 2011	–	–	–	–
Charge for the year	–	1,797	–	1,797
At 31 December 2011	–	1,797	–	1,797
NET BOOK VALUE				
At 31 December 2011	–	13,877	–	13,877
At 31 December 2010	–	–	–	–

8. TRADE AND OTHER RECEIVABLES

	Group 31 December 2012 £	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
Amounts falling due within one year:				
Prepayments	54,490	45,370	90,857	64,636
Other receivables	271,205	37,947	244,616	124,438
	325,695	83,317	335,473	189,074
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	–	12,206,822	–	11,642,770

The loans extended to subsidiaries are issued interest free and with no fixed repayment terms. No impairment has been considered necessary (see note 17).

9. CASH AND CASH EQUIVALENTS

	Group 31 December 2012 £	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
Cash at bank and in hand	858,677	726,338	3,765,414	2,430,355
	858,677	726,338	3,765,414	2,430,355

10. TRADE AND OTHER PAYABLES

	Group 31 December 2012 £	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
Trade payables	165,430	141,506	124,715	61,443
Other payables	208,400	172,923	267,891	158,493
	373,830	314,429	392,606	219,936

11. SHARE CAPITAL

Allotted, issued and fully paid:

Number	*Class*	*Nominal value*	*At 31 December 2012 £*	*At 31 December 2011 £*
701,200,000	Ordinary	0.2p	1,402,400	1,402,400
Share premium			16,968,767	16,968,767

12. TAXATION

	Group 31 December 2012 £	*Group 31 December 2011 £*
Tax charge for year	–	–
Factors affecting the tax charge for the year		
Loss from continuing operations before income tax expenses	(2,816,853)	(2,913,029)
Tax at 24.5% (2011: 26.5%)	(690,129)	(771,953)
Expenses not deductible	97,909	122,245
Overseas rate differences	(193,983)	(158,403)
Excess/(shortfall) of fiscal depreciation over accounting depreciation	1,364	4,294
Other timing differences not recognised (exploration costs, leave pay)	481,312	395,071
Losses carried forward not recognised	303,527	408,746
Income tax expense	–	–

The Group has tax losses of £4.2 million and exploration costs of £12.7 million 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 2012 £	*Group 31 December 2011 £*
Provided for		
Accelerated capital allowances	–	–
Exploration costs	–	–
Share based payments	–	–
Unutilised losses	–	–
Total provided for	–	–
Un-provided for		
Accelerated capital allowances	60,212	62,509
Exploration costs	(4,774,490)	(4,661,301)
Share based payments	–	–
Unutilised losses	(1,040,193)	(807,633)
Total un-provided deferred tax asset	(5,754,471)	(5,406,425)

13. INVESTMENT IN JOINT VENTURE

The following entity meets the definition of a jointly controlled company and has been equity accounted in the consolidated financial statements:

Company	*Country of Incorporation*	*Group interest at 31 December 2012*
Brandberg Energy (Proprietary) Limited	Namibia	50%

Brandberg Energy (Proprietary) Limited ('Brandberg') is a 50:50 joint venture ("JV") with Extract Resources Ltd ('Extract') and NRR Energy Minerals Limited (a 100 per cent. owned subsidiary). In January 2012, NRR Energy Minerals Limited transferred US$800,000 (£509,635) to Brandberg to acquire 50 per cent. 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. Located west and north respectively of the historic tin mining centre of Uis 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 any exploration licences in Brandberg resulted in the directors taking the view to impair the investment in Brandberg to its share of the net asset value of Brandberg as at 31 December 2012.

Aggregated amounts relating to the joint venture are as follows:

	Year ended 31 December 2012 £
Total assets	314,611
Total liabilities	(4,875)
Net assets	309,736
The Group's share of net assets (50%)	154,868
Revenues	–
Post-acquisition loss	(74,996)
The Group's share of loss (50%)	(35,146)

Note:

No comparative information has been presented as the investment in Brandberg Energy (Proprietary) Limited was made on 31 January 2012.

Carrying value of investment in joint venture

	31 December 2012 £	*£*
Investment at cost		509,635
Share of joint venture company's loss for the year	(35,146)	
Impairment of investment	(319,621)	
		(354,767)
Carrying value of investment at 31 December 2012		154,868

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

No comparative information has been presented as the investment in Brandberg took place in January 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 at 31 December 2012*	*Group interest at 31 December 2011*
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 40 per cent. interest in Murrupula is jointly held by North River Resources plc (20 per cent.) and NRR Mozambique Limited (20 per cent.). It is also the beneficial owner of 2 exploration licences, which are in the process of being registered in the name of the company by the Ministry of Mines in Mozambique. The licences and Murrupula are the subject of a JV agreement between Baobab Resources Limited ("Baobab") and North River Resources plc. Under the JV agreement Baobab is entitled to a 60 per cent. participation interest in Murrupula on completing an agreed level of exploration expenditure before 13 November 2011. Baobab completed the agreed exploration work in 2011 and was entitled to 60 per cent. ownership of Murrupula. Due to the fact that the exploration licences have not yet been registered in the name of Murrupula, 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:

	Year ended 31 December 2012	*Year ended 31 December 2011*
Total assets	138,678	141,939
Total liabilities	(25,208)	(256,696)
Net assets/(liabilities)	113,470	(114,757)
Share of net assets/(liabilities)	45,388	(45,902)
Goodwill on acquisition	67,794	–
The group's share of net assets representing the group's carrying value of investments in associate	113,182	(45,902)
Revenues	–	–
Loss	–	(659,959)
The Group's share of loss	–	(263,984)

14. INVESTMENT IN ASSOCIATED COMPANY (continued)

	Group 31 December 2012 £	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
Carrying value of investment in associate				
Investment at cost	192	56,591	112,990	56,495
Share of associates loss for the year	–	–	(112,990)	–
Reversal of prior year share of associates loss	112,990	–	–	–
Carrying value of investment at 31 December 2012	113,182	56,591	–	56,495

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 2011 or 31 December 2012, 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 WAGE and Namib Lead is covered in detail under Note 5 ‘Goodwill and Business Combinations’.

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.

15. SUBSIDIARY ENTITIES (continued)

	Year ended 31 December 2012 £	*Year ended 31 December 2011 £*
Carrying value of investments in subsidiaries		
Opening balance	472,751	2
Additions during the year	240	472,749
Closing balance	472,991	472,751

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.

16. SHARE BASED PAYMENTS

	Year ended 31 December 2012 Number	*Year ended 31 December 2011 Number*
Share options outstanding		
Opening balance	114,200,000	117,200,000
Issued in the year	–	–
Expired/cancelled during the year[Note 1]	–	(3,000,000)
Closing balance	114,200,000	114,200,000

Note 1:
3,000,000 options granted on 27 December 2006 with an exercise price of 10p expired on 27 December 2011 with no value. These options were fully expensed in prior periods. The prior period cost of these options of £154,775 was written back to retained reserves through the statement of changes in equity during the year ended 31 December 2011.

Details of share options outstanding at 31 December 2012:

Date of grant	*Number of options*	*Option price p*	*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	7.5p	03/02/10 – 01/02/13
3 February 2010	4,375,000	7.5p	01/02/11 – 01/02/13
3 February 2010	4,725,000	10p	03/02/10 – 01/02/15
3 February 2010	4,375,000	10p	01/02/11 – 01/02/15

Included within administration expenses is a charge for issuing share options of £Nil (2011: £137,570) which was recognised in accordance with the Group’s accounting policies.

16. SHARE BASED PAYMENTS (continued)

Additional disclosure information

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	1.35 years

17. IMPAIRMENT TESTING OF GOODWILL AND ASSETS WITH INDEFINITE LIVES

Goodwill

The Directors are of the opinion that the Goodwill acquired in respect of WAGE and Namib Lead in November 2009 represents the value of the Licence Areas held by WAGE and Namib Lead at 31 December 2012 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. 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 continued exploration and development work within the Licence Areas since acquisition has not revealed anything that would suggest that there has been a value change to the Goodwill position set out in the AIM re-admission document.

In reviewing the Goodwill value, it is noted that the commodity prices for the commodities that WAGE and Namib Lead are exploring for in Namibia have increased since November 2009. Copper prices have moved from approximately US$6,500 per tonne in November 2009 to approximately US$8,000 per tonne in January 2013 as well as the increase in gold, lead and zinc prices over that time.

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

Project	*Application name*	*Type*	*Number*	*Surface area (km^2)*	*Annual licence fees (N$)*	*Current status*	*Expiry date*
Namib Lead	Namib Lead	EPL	2902	45.23400	2,000	Renewed	17/04/2014
Dordabis	Kupferberg	EPL	3257	473.06900	5,000	Renewed	01/06/2014
Witvlei	Christiadore	EPL	3258	214.60160	3,000	Renewed	15/05/2014
Witvlei	Okatjirute	EPL	3261	266.27600	3,000	Renewed	25/07/2013

In accordance with the Group's accounting policies the Directors are committed to reviewing their opinion on the 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.

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

17. IMPAIRMENT TESTING OF GOODWILL AND ASSETS WITH INDEFINITE LIVES (continued)

Goodwill ascribed to areas	*Group 31 December 2012 £*	*Group 31 December 2011 £*
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	92,782
Write down of Ubib	(92,782)	–
	1,036,052	1,128,834
Total, as agreed to Note 5	7,738,986	7,831,768

Assets with indefinite lives

The Parent Company has receivables from Group companies, namely, from WAGE and Namib Lead (disclosed in note 8). The Directors are also of the opinion that the decision not to impair the value of the Goodwill and the reasons for that decision supports their decision not to impair the loans extended to WAGE and Namib Lead.

On acquisition of WAGE and Namib Lead the Parent Company paid £8,000,000 for the loans in WAGE and Namib Lead. Since the acquisition date a further £4,187,310 has been provided to the subsidiaries as working capital. During 2011 an amount of £472,749 was converted from a loan to WAGE into a further investment in WAGE's share capital.

18. FAIR VALUE

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

	Book Value		*Fair Value*	
	31 December 2012 £	*31 December 2011 £*	*31 December 2012 £*	*31 December 2011 £*
Financial Assets				
Trade and other receivables	325,695	335,473	325,695	335,473
Cash and cash equivalents	858,677	3,765,414	858,677	3,765,414
Total	1,184,372	4,100,887	1,184,372	4,100,887
Financial Liabilities				
Trade and other payables	373,830	392,606	373,830	392,606
Total	373,830	392,606	373,830	392,606

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.

18. FAIR VALUE (continued)

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.

19. 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.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Weighted average effective interest rate	*Floating interest rate maturing in 1 year or less*	*Fixed Interest rate 2012*	*Non-interest bearing 2012*	*Total*
	%	*£*	*£*	*£*	*£*
Year ended 31 December 2012					
Financial instruments					
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

	Weighted average effective interest rate	*Floating interest rate maturing in 1 year or less*	*Fixed Interest rate 2012*	*Non-interest bearing 2012*	*Total*
	%	*£*	*£*	*£*	*£*
Year ended 31 December 2011					
Financial instruments					
Financial assets					
Trade and other receivables	0.00	–	–	335,473	335,473
Cash on deposit	1.79	3,765,414	–	–	3,765,414
Total financial assets		3,765,414	–	335,473	4,100,887
Financial liabilities					
Trade and other payables	0.00	–	–	392,606	392,606
Total financial liabilities		–	–	392,606	392,606

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.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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 2012 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.

20. RELATED PARTY TRANSACTIONS

Ascent Capital Holdings Pty Ltd, a company associated with David Steinepreis, was paid fees in the amount of £Nil (2011: £Nil) for the provision of services provided by David Steinepreis. It was also paid £Nil (2011: £Nil) for the provision of office facilities to the Parent Company. During the year £4,415 (2011: £27,241) was charged by Ascent Capital for secretarial services. Balance owing at year end was £Nil (2010: £2,254).

Fernan Pty Ltd, a company associated with Mark Hohnen, was paid fees in the amount of £21,066 (2011: £48,000) for the provision of services provided by Mark Hohnen.

Kalahari Minerals plc, a major shareholder in the Parent Company received £Nil (2011: £22,420) for the provision of office facilities to the Parent Company.

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

21. EMPLOYEES' AND DIRECTORS' REMUNERATION

	Group year ended 31 December 2012 £	*Group year ended 31 December 2011 £*
Employee remuneration	261,572	300,227
Employee social security costs	4,367	18,254
Total	265,939	318,481

Average employee numbers	*Number*	*Number*
Exploration and expenditure	11	11
Administration and management	6	9
Total	17	20

2012 Directors	*Directors' salary year to 31 December 2012 £*	*Directors' fees year to 31 December 2012 £*	*Consulting fees year to 31 December 2012 £*	*Termination payments year to 31 December 2012 £*	*Total year to 31 December 2012 £*
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
Zuyuan He	–	–	–	–	–
Zhiping Yu	–	–	–	–	–
	37,500	76,244	33,700	72,000	219,444

2011 Directors	*Directors' salary year to 31 December 2011 £*	*Directors' fees year to 31 December 2011 £*	*Consulting fees year to 31 December 2011 £*	*Share based payments year to 31 December 2011 £*	*Total year to 31 December 2011 £*
Mark Hohnen	–	48,000	–	2,086	50,086
David Steinepreis	150,000	–	–	34,448	184,448
Martin French	–	24,000	12,000	32,806	68,806
Glyn Tonge	–	24,000	–	444	24,444
	150,000	96,000	12,000	69,784	327,784

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

22. FINANCIAL COMMITMENTS

At 31 December 2012 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 2012 £	*Company 31 December 2012 £*	*Group 31 December 2011 £*	*Company 31 December 2011 £*
Operating lease which expires on 26 September 2013	21,949	21,949	29,782	29,782

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 must vacate its current premises by the 26 September 2013.

23. CONTROL

No one party is identified as controlling the Group.

24. 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

An agreement has been signed with Extract Resources Ltd ("Extract") relating to their respective wholly-owned subsidiaries, Extract Resources (Namibia) (Proprietary) Ltd ("Extract Namibia"), NRR Energy Minerals Limited ("NRR Energy") and WAGE. During 2011 Extract Resources (Namibia) (Proprietary) Ltd changed its name to Brandberg Energy (Proprietary) Limited ("Brandberg"). Under the Agreement, NRR Energy subscribed US$800,000 to Brandberg in January 2012, so that each of Extract and NRR Energy hold a 50 per cent. interest in Brandberg (see note 13).

The Agreement also allows for the formation of a 50/50 unincorporated joint venture between WAGE and Extract in relation to the nuclear fuel rights (if granted) in respect of EPL 3139. EPL 3139 has been 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 £4,450,000 on these licences through 2013 and into 2014. 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.

Existing Exploration Licences in Mozambique

The Group has 1 exploration licence in Mozambique. The cost of maintaining this licence is not significant to the Group and will be borne by North River Resources plc.

24. EXPLORATION EXPENDITURE AND RESTORATION COMMITMENTS (continued)

The Group has a 40 per cent. interest in 2 further licences through its associated company North River Resources (Murrupula) Limitada. No significant expenditure is envisaged on these licences (see Note 14).

25. SUBSEQUENT EVENTS

EPL 3139 was relinquished in April 2013 resulting in a £92,782 impairment in goodwill as at 31 December 2012. This is covered in more detail in note 17.

The Company raised gross proceeds of £1.0 million through a placing of 285,714,300 new Ordinary Shares of £0.002 each on 26 April 2013 through its brokers, Ocean Equities and SP Angel, at a price of 0.35 pence per Ordinary Share (the "Placing").

The Placing allows North River to accelerate the program of re-opening the Namib Lead-Zinc mine in Namibia. The proceeds will be used to fund the structural geology review currently underway by CSA Global, underground and surface drilling, 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 the Placing is therefore 986,914,300.

These events are covered in more detail in the Managing Director's Statement on pages 4 to 9, the Directors' Report and Note 24.

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