
Kalahari Minerals completes North River Resources transaction

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Morningstar Kalahari Minerals plc completes North River Resources transaction to develop gold and base metal projects in Namibia.

Kalahari Minerals plc, the AIM listed Resource Company with uranium, gold and base metal interests in Namibia, announces the completion of its transaction with North River Resources Plc ('North River') announced on 5 October 2009.

Overview:

1. Transaction initiated to rapidly develop gold and base metal assets in Namibia.
2. Kalahari now controls circa 44.9% of the enlarged issued share capital of North River.
3. Mark Hohnen and Professor Glyn Tonge have joined the board of directors of North River as Non executive Chairman and Non executive Director respectively.
4. Kalahari to support North River's development of its assets both technically and financially.
5. Deal provides an attributable market value to Kalahari's non uranium interests.

Mr Mark Hohnen chairman of Kalahari and North River said that "This agreement has paved the way for the next phase of development at our gold and base metal projects in Namibia, following the extensive exploration program completed by Kalahari between 2006 to 2008 comprising circa GBP8 million of investment. The pool of expertise and corporate support amassed through the 2 companies' relationship and reflected by this agreement has created a strong platform which is now capable of fast tracking our non uranium assets towards production to the benefit of both North River and Kalahari shareholders alike."

The transaction was structured for the purpose of rapidly developing certain prospective gold and base metal assets in Namibia previously held by Kalahari's wholly owned subsidiaries, Kalahari Gold Limited and Kalahari Diamonds Limited. Further to completion of the transaction, Kalahari has now been issued 266,666,667 ordinary shares in North River representing approximately 44.9% of North River's enlarged issued share capital, in return for the disposal of the entire issued share capital of West Africa Gold Exploration Limited and Craton Diamonds, subsidiaries of Kalahari Gold and Kalahari Diamonds respectively, which hold the gold and base metal assets.

As part of the terms of the transaction, North River was required to successfully complete a fund raise of not less than GBP5 million via an equity placing, however following strong institutional interest, the final new monies raised totalled GBP7 million. In order to facilitate and promote cooperation between the 2 companies, Mr Mark Hohnen, Executive chairman of Kalahari and Professor Glyn Tonge non executive Director of Kalahari have joined the board of directors of North River as Non executive Chairman and Non executive Director respectively. Kalahari, through its shareholding and board representation intends to support and guide North River throughout the development of its gold and base metal assets.

North River's primary focus for the assets which were the subject of this transaction will be the appraisal of its key copper assets for rapid development. The principal targets are the Koperberg Project which has a current JORC Inferred Resource of 1.74 million tonne grading 0.9% copper representing 17,000 tonnes in situ metal and its RK and RK West Projects, which have a non JORC compliant in house resource of 550 Kilo tonne at 1.25% Cu at 0.5% copper cut off, representing 6,875 tonnes of in situ metal and a non JORC compliant in house resource of 770 Kilo tonne at 0.9% Cu at 0.5% copper cut off, representing 6,930 tonnes in situ metal, respectively.

Development will be focused on the appraisal of these heap leach copper projects with a view to production as soon as practicable. In addition to the heap leach copper targets, the Namib Lead Zinc Project has also been identified as a priority for development. The project is centred on the historically producing Namib Lead Mine, 25 kilometers east north east of Swakopmund and is situated close to excellent up porting infrastructure. The mine was operational between 1965 and 1992 and North River and Kalahari intend to jointly initiate an aggressive exploration program targeting an initial 1 million tonnes below the existing mined areas.

Previous non JORC mine studies at the Namib Lead Zinc Project indicate surface tailings and in situ underground reserves of: 1.65 million tonne at 5.7% Zn, 1.6% Pb, and 40.2 gram per tonne Ag. Preliminary metallurgical test work was undertaken by Kalahari in 2008, which yielded favorable results indicating good separation of Pb and Zn with high recoveries and concentrate grades. Reverse circulation drilling results generated by Kalahari confirmed historical grade intercepts. Application has been made by North River for the Consideration Shares to be admitted to trading on AIM and it is expected that Admission will occur on November 23rd 2009. The Consideration Shares rank pari passu in all respects with the existing issued shares of North River including the right to receive any dividends and other distributions declared following Admission.

(Sourced from Morningstar)

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