

AUSTRALIAN

RESEARCH

BLUE BOOK SERIES

Junior Resources

June 2008 Quarterly Review

EXTRACT

Storm clouds darkening and China slowing

Contents

This is an extract from the June 2008 Junior Resources Quarterly Review

IMPORTANT NOTICE

Aegis has been commissioned to produce this report.

Disclaimer & Disclosure of Interests

This publication has been prepared by Aegis Equities Research Pty Limited ("Aegis") (ACN 085 293 910), an Australian Financial Services Licensee (AFSL no. 225072). Aegis has been commissioned to prepare this independent research report (the "Report") and will receive fees for its preparation. Each company specified in the Report (the "Participants") has provided Aegis with information about its activities. Whilst the information contained in this publication has been prepared with all reasonable care from sources that Aegis believes are reliable, no responsibility or liability is accepted by Aegis for any errors, omissions or misstatements however caused. Any opinions, forecasts or recommendations reflects the judgment and assumptions of Aegis as at the date of publication and may change without notice. Aegis and each Participant in the Report, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This publication is not and should not be construed as, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information only. Neither Aegis nor the Participants are aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives, financial situation or particular needs before acting on such opinions or recommendations. This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Aegis. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. Aegis and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. Aegis and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

Aegis, its officers, employees and its related bodies corporate have not and will not receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any statements and/or recommendation (if any), contained in this Report. Aegis discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may effect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any).

However, under no circumstances has Aegis been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report.

The information contained in this publication must be read in conjunction with the Legal Notice that can be located at <http://www.aegis.com.au/Public/Disclaimer.aspx>

Red River Resources Limited (RVR)



Sector Materials	Industry Group Materials	Industry Metals & Mining	Sub Industry Diversified Metals & Mining
----------------------------	------------------------------------	------------------------------------	--

Company Overview

RVR is a diversified mineral explorer with a focus on three iron ore projects in WA and TAS. Except for one U project, RVR has sought to farm-in to projects close to infrastructure. Drilling has started on the Feral iron prospect, where RVR can earn up to 75% interest. A 50:50 JV between RVR and Iron Mountain Mining Limited allows the latter to earn a 70% interest in the prospective Miaree Magnetite Trend. RVR is earning a 60% share of the Blythe Cu-Fe-Au plant in TAS, and has other interests.

Strategy

The current company strategy is to 1) evaluate the Feral prospect for direct shipping-grade hematite ore and magnetite iron ore; 2) explore for iron ore at the Blythe project in northern Tasmania; 3) explore for iron ore in the Miaree magnetite trend, Kaninda Well tenements near Karratha; 4) explore for iron ore at Wongan Hills; 5) explore for tantalite-tin at East Kirup; and 6) explore for uranium at Bungalow Well (when tenement is granted).

Aegis Comments as at July 2008.

Outlook: Initial positive results from Feral are encouraging. At Blythe identification of economic magnetite deposits can swiftly lead to production and shipment out of Burnie Port with the availability of labour in Tasmania. Follow-up drill targets have been identified from similar intensity aeromagnetic data. Discovery of DSO at Miaree, close to the future Cape Preston port, allows for rapid production and is economically feasible.

Catalysts: Investors seem to already believe that drilling at the Feral Iron Project will yield economic grades of iron ore. However, if drilling confirms economic grades at depth, then there will be another re-rating. Iron Mountain Mining Limited executed its exclusive option to earn up to a 70% interest in the Miaree Magnetite Trend project. This is another catalyst for re-rating. To earn its interest, Iron Mountain will spend \$4.75M on exploration.

Risks: Development of magnetite deposits is capital-intensive. The access to infrastructure is a critical issue. There is no guarantee that government will build infrastructure in a timely manner. Cape Preston is hoped to be built by 2013/15. Oakajee Port won't be completed until 2013 and is to service the Mid-West. Financial support from a third party is needed to develop a large iron ore mine. Agreements with Native Title claimants have to be reached, without which projects will not move forward.

Earnings Summary

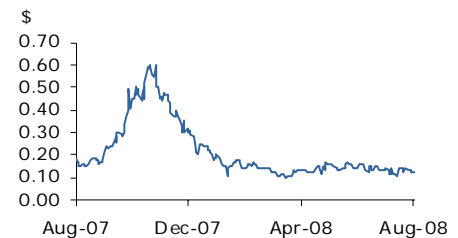
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2005A	(0.4)	(0.4)	(1.3)	n/a	(8.9)	(0.5)	(0.4)	0.0	0.0	0	>1000
2006A	(1.4)	(1.4)	(3.1)	n/a	(3.9)	(0.2)	(0.2)	0.0	0.0	0	(446.8)
2007A	(0.9)	(0.9)	(2.0)	n/a	(6.0)	(0.4)	(0.4)	0.0	0.0	0	(206.4)
2008A	0.0	0.0	0.1	n/a	>99	15.6	16.1	0.0	0.0	0	6.9

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$0.12
Price as at:	11-Aug-08
Market Cap (\$M):	9.0
Equiv. Shares (M):	69.33
% All Ords:	0.00
12Mth Range (\$):	0.10 - 0.67
Shares Traded (\$M pa):	12.7
Listed since:	15-July-05
Index:	n/a

Share price performance



Company contact



John Karajas
Managing Director
john@redriverresources.com.au
61 8 6263 4477

www.redriverresources.com.au

Financial Stability

Balance Sheet (Y/E Jun)

	07A	08A
Net debt (cash) (\$M)	(0.5)	(0.5)
Total assets (\$M)	0.5	0.5
Net debt/equity (%)	(106.2)	(94.6)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.01	0.01
Current ratio (x)	7.2	0.0

As at 30-Jun-08

Net debt (cash) (\$M)	(0.5)
Net debt (cash) / shr (\$)	(0.01)
Net debt (cash) / MktCap (%)	(5.2)

Substantial Shareholders

Kurraba Investments Pty Ltd	10.1%
-----------------------------	-------

Board

J Karajas (Managing Director)
 D Zohar (Director)
 R Gillon (Non-Executive Director)

Differentiating Factors

Red River is an iron ore play with potentially two very large magnetite accumulations in its tenement portfolio, as well as direct shipping-grade hematite targets. Red River's focus on iron ore prospectivity close to infrastructure will help in marketing potential mining projects to Chinese investors such as steel mills.

Achievements

RVR has interests in three iron ore projects. The Feral project is the most advanced. Feral is 20km south of the historical Koolanooka mine. Fieldwork has found hematite that may be suitable for direct shipping. There is potential for a large magnetite deposit below surface. The Miaree magnetite project in WA and the Blythe iron project in TAS are also potentially value-creative. Other JVs and options over Ta-Sn-Li, Pb-Zn and Au-U plays in TAS, WA and NT provide other opportunities for growth.

Recent Events

30 June 2008 – Quarterly Report: During the quarter 33 RC holes have been drilled, for a total of 1,521m drilled. Magnetite iron ore ranging from massive to semi-massive through to disseminated mineralisation has been intersected. Drilling has confirmed magnetite mineralisation at two aeromagnetic anomalies. Numerous other aeromagnetic anomalies have yet to be drill tested. The Hampshire Prospect is within 300m of the Emu Bay railway line; the infrastructure is good and in close proximity, which means lower costs.

27 June 2008 – Encouraging Drilling at Blythe Project: The RC drilling program to test magnetite targets at the Blythe Project in Tasmania has successfully encountered significant drill intersections of magnetite iron ore mineralisation. To date 27 holes totalling 1229m have been drilled in two areas. Iron Mountain Mining holds a 50% interest in the project and is the operator, while Red River holds the remaining 50% interest. Further drilling is required to properly determine the geometry of the mineralised zones and the extent of mineralisation.

29 May 2008 – Update at Blythe: An RC drilling program has commenced to test a number of potential magnetite targets identified through surface rock-chip sampling and ground magnetic surveys in the region surrounding the Kara magnetite/tungsten mine. The program will consist of up to 100 holes to test 6 target areas, each with magnetic highs on aeromagnetic surveys. The Blythe Project involves a 50:50 JV with Iron Mountain Mining, which is also the operator. The drilling campaign will take several months to complete.

Capital Structure

RVR has 69.3M ordinary shares on issue plus 34.7M listed options (20 cents, expiring 31.03.10).



Level 6, 33 York Street
Sydney NSW 2000 Australia
Locked Bag 7 Australia Square
Sydney NSW 1215
Phone 61 2 8296 1100
Fax 61 2 9299 3777
ABN 72 085 293 910
www.aegis.com.au