

For personal use only

RED RIVER RESOURCES LIMITED

ABN 35 100 796 754

ANNUAL REPORT

30 June 2014

Red River Resources Ltd

CORPORATE DIRECTORY

Directors

Donald Garner - Managing Director
Paul Hart - Non Executive Director
Cameron Bodley - Non Executive Director

Company Secretary

Cameron Bodley

Registered Office

Level 6, 350 Collins Street
Melbourne VIC 3000
Tel: (03) 9095 7775
Fax: (03) 9670 5942

Head Office

Level 6, 350 Collins Street
Melbourne VIC 3000
Tel: (03) 9095 7775
Fax: (03) 9670 5942

Bankers

National Australia Bank
Level 2 37-41 Prospect Street
Box Hill VIC 3128

Country of Incorporation

Red River Resources Limited is domiciled and incorporated in Australia

Stock Exchange Listing

Red River Resources Ltd is listed on the Australian Securities Exchange

Ordinary Shares: RVR

Auditors

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue West Perth WA 6005

Legal Advisors

Piper Alderman
Level 16
70 Franklin Street
Adelaide SA 5000

Website Address

www.redriverresources.com.au

Share Registry

Computershare Investor Services Pty Limited
2/45 St Georges Terrace
Perth WA 6000

CONTENTS

Directors' Report	1
Auditor's Independence Declaration	16
Consolidated Statement of Profit or Loss and Other Comprehensive Income	17
Consolidated Statement of Financial Position	18
Consolidated Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20
Notes to the Financial Statements.....	21
Director's Declaration.....	49
Audit Report.....	50
Corporate Governance Statement.....	52
Shareholder Information	58
Interest in Mining Tenements	60

For personal use only

Red River Resources Ltd

DIRECTORS' REPORT

Your directors present their report on Red River Resources Limited (the "Company" or "Red River") for the year ended 30 June 2014.

DIRECTORS

The following persons were directors of the company during the whole of the financial year, unless stated otherwise.

DONALD GARNER (Appointed 31 March 2014)
BSc (Hons) MSc FGS MSEG MAusIMM
Executive Director

Mr Garner is a geologist with over fifteen years experience in the resource industry, corporate finance and corporate development roles.

Mr Garner has a strong track record in the identification and acquisition of resource projects, recently being responsible for New Age Exploration's (ASX: NAE) Lochinvar coking coal project and Sirius Minerals Plc (LSE:SXX) York Potash project.

He previously worked in a corporate development role at Zinifex, and prior to that worked in metals and mining corporate finance in the United Kingdom.

Mr Garner worked as a geologist in Western Australia in a number of roles, both as an exploration geologist and a mine geologist and also worked as an exploration geologist in Myanmar.

Mr Garner has not held any other Directorships of other listed public companies over the past three years.

PAUL HART (Appointed 31 March 2014)
BComm
Non-Executive Director

Mr Hart holds a bachelor of commerce with majors in accounting and marketing.

During the past 20 years he has developed a broad knowledge of the Australian stock market gained through managing his own private investment funds.

Mr Hart's expertise is focused on stocks which have a small market capitalisation covering a range of sectors including exploration and mining.

For the past five years he has also provided a range of investor relations services to companies and this has included several successful capital raisings.

Prior to 2007 he was involved in business development, mergers and acquisitions and strategic planning for a global confectionery company.

Mr Hart has not held any other Directorships of other listed public companies over the past three years.

CAMERON HEATH BODLEY (Appointed 24 April 2014)
CA, B.Com, MAICD
Non-Executive Director

Mr Bodley has a Bachelor of Commerce, is a Licensed Member of ICAA and a registered Tax Agent.

Over the past 15 years he has worked both in Australia and England in both professional practice and industry, including National Australia Bank Limited, BNP Paribas Bank, Aviva Plc and Moore Stephens, giving him specialised experience in Mining and Investment companies.

Mr Bodley has been providing accounting, taxation and secretarial services to other ASX listed and unlisted public and private entities for the past 8 years. He is also a member of the Australian Institute of Company Directors.

Red River Resources Ltd

DIRECTORS' REPORT

Mr Bodley has not held any other Directorships of other listed public companies over the past three years.

ERLING ASGER SORENSEN (Appointed 31 March 2014) (Resigned 24 April 2014)

GradDip Corp Fin, MBA (Melb), FAICD

Non-Executive Director

Erling was Chief Commercial Officer of Nyrstar Nv, the largest zinc metal producer in the world and has a broad international background having managed international industrial companies in Oslo, Singapore, Melbourne and London.

He has held a number of non-executive directorships for publicly listed companies and has sat on several boards of private entities globally.

Erling started his professional career in the merchant navy as a Master Mariner from the International School of Navigation in Copenhagen.

Mr Sorensen has not held any other Directorships of other listed public companies over the past three years.

DAVID ALAN ZOHAR (Appointed 4 June 2002) (Resigned 11 February 2014)

BSc DipEd

Executive Director

David Zohar has undertaken undergraduate studies in Geology and post graduate studies in Accountancy and Commercial Law. He has been active in the exploration industry for over 20 years. He has been a director and/or CEO of a number of exploration companies and has also negotiated numerous agreements with various companies and other participants within the mining industry. He has been involved in the formation and/or listing on the ASX of several public mining companies.

Directorships of other listed public companies over the past three years are United Orogen Limited, Iron Mountain Mining Limited, Actinogen Ltd, Eagle Nickel Ltd, Terrain Minerals Ltd.

SURAJ PREMJI SANGHANI (Appointed 11 February 2014) (Resigned 31 March 2014)

Grad.Dip CSP, CA, BCom

Non-Executive Director

Mr Sanghani is an accounting professional specialising in providing CFO and Company Secretary services to public listed ASX entities.

Mr Sanghani has not held any other Directorships of other listed public companies over the past three years.

JOHN KARAJAS (Appointed Director 1 November 2003 and Chairman 18 November 2011) (Resigned 30 August 2013)

BSc (Hons) MAIG MPESA

Non-Executive Director and Chairman

John Karajas is an exploration geologist with over 30 years of experience in both the mining and oil industries. After graduating from the University of Western Australia with a BSc (Hons) in 1970, he gained his grounding in the mining industry by working for mining companies, Falconbridge, Anaconda and Hanna Mining. This period extended through to 1982 and was predominantly spent in Western Australia but included three years in Mt Isa. Commodities explored for include nickel, copper/lead/zinc, gold, phosphate, taconitic iron ore, tin/tantalite and lignite/oil shale. Between 1982 and 1985 he gained his initial experience in oil exploration by working for Eagle Corporation and IEDC (Australia). This period was spent in working on sedimentary basins in Western Australia and included basin studies, well-site geology, and other duties related to oil and gas exploration.

From 1986 onwards, he has worked predominantly as a consultant/contract geologist for a wide range of mining and oil industry clients, both within Australia and abroad. Periods of a more managerial nature have included:

Red River Resources Ltd

DIRECTORS' REPORT

1989 – 1991 Technical Director of King Mining Ltd
1992 – 1995 Technical Director of Omega Oil NL
1996 – 1997 Exploration Vice President of Icelandic Gold Corporation

He is currently a Member of the Australian Institute of Geoscientists.

Directorships of listed public companies over the past three years are United Orogen Limited.

NOEL TAYLOR (Appointed 18 November 2011) (Resigned 31 March 2014)
BSc, MAusIMM, MAIG
Executive Director

Mr Taylor is a Geologist with over 30 years experience in the Mining and Exploration industry, including in Australia, Africa and Europe. He has held senior posts with both junior explorers and major mining companies including MIM, Sons of Gwalia and Rand Mines in South Africa. Mr Taylor was previously Managing Director of Balkans Gold Ltd, an ASX listed junior exploring Europe, and was a director of Bronzewing Gold NL, an unlisted West Australian junior exploring the goldfields.

Directorships of other listed public companies over the past three years are United Orogen Limited

ZHUKOV (ZEKE) PERVAN (Appointed 30 August 2013) (Resigned 31 March 2014)
MB, BS(WA), FRACGP, FAICD
Non-Executive Director and Chairman

Dr Pervan is a Doctor of Medicine with over 35 years experience in various capacities in Western Australia. He has consulted to several university and government bodies in many areas. He has conducted original research in collaboration with the University of Western Australia Departments of Microbiology and Human Movement. This research has been published in international journals.

In the past Dr Pervan has served as a Director of several public companies involved in exploration and in the general commercial world, including Agforce Limited, Gold Lake Mining Pty Ltd, Innovative Coatings Limited and Visionglow Global Limited. Directorships of listed public companies over the past three years are Elysium Resources Ltd (previously United Orogen Ltd), Eagle Nickel Ltd Iron Mountain Mining Ltd and Actinogen Limited

Company Secretary

CAMERON HEATH BODLEY (Appointed 31 March 2014)
CA, B.Com, MAICD

Mr Bodley has been providing accounting, taxation and secretarial services to other ASX listed and unlisted public and private entities for the past 8 years. He is also a member of the Australian Institute of Company Directors.

SURAJ PREMJI SANGHANI (Appointed 19 February 2014) (Resigned 31 March 2014)
Grad.Dip CSP, CA, BCom

Mr Sanghani is an accounting professional specialising in providing CFO and Company Secretary services to public listed ASX entities.

SHOSHANNA ZOHAR (Appointed 16 December 2011) (Resigned 19 February 2014)
LLB (Hons)

Ms Zohar is a lawyer with over 5 years experience. Ms Zohar has a Bachelor of Laws (Honours) from Murdoch University and has previously worked in law firms practicing in corporate law, including Minter Ellison and Clavey Legal.

Red River Resources Ltd

DIRECTORS' REPORT

Directors' Interests in Shares and Options of the Company

As at the date of this report the relevant interest of each director in shares and options of the company were:

Director	Fully Paid Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Donald Garner	6,844,930	-	3,000,000	-
Paul Hart	-	6,918,729	-	3,000,000
Cameron Bodley	-	-	-	3,000,000

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

The company made a loss after tax of \$444,652 (2013: loss of \$611,537). No dividends were paid and the directors have not recommended the payment of a dividend.

Principal Activities

The principal activity of the company during the course of the financial year was mineral exploration.

Financial Position

The net assets of the Company at year end are \$428,669 (2013: \$447,050)

The Company currently does not generate sufficient cash flows from its operating activities to finance its activities. Thus the continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent on the Company being successful in completing further capital raisings as required and realizing the full potential of the Company's assets. In accordance with the resolutions passed at the General Meeting held on 17 September 2014, the directors have planned to mitigate this risk by completing a capital raising of \$7,500,000 which is to be used to part fund the Southern Region Transaction (as announced on 3 July 2014) and working capital.

Red River Resources Limited 2013/14 Operational Review

Early in the 2014 financial year, Iron Mountain Mining Limited ("Iron Mountain") launched an off market takeover bid for all the shares in Red River, culminating with Iron Mountain accumulating approximately 69% of the issued capital in Red River. In March 2014, Iron Mountain disposed of its entire holding in Red River to various sophisticated and professional investors.

During the course of quarter four, Red River announced the outcome of a strategy review process to the market on 29 April 2014. The outcome of the review process was to implement a two tier strategy:

- Tier One: Acquisition and development of advanced mineral projects; and
- Tier Two: Implementation of a prospect generator model for exploration projects.

The review process identified a number of commodities which Red River believes have a positive price outlook. Our efforts will be particularly focused on cyclical base metals (zinc/lead, tin and nickel) and also critical raw materials (antimony, niobium and tungsten).

Application for tenements in the Stella Range

As part of the strategy review process discussed above, Red River undertook an assessment of the tenements held by the Company. The outcome of the assessment was to drop tenements identified as

Red River Resources Ltd

DIRECTORS' REPORT

non-core, and apply for additional ground in the highly prospective Stella Range ultramafic belt in the East Laverton district of Western Australia to consolidate the tenements already held by the Company. A total of eight licence applications were submitted, which if approved, will increase the area held by the Company in the Stella Range from approximately 166km² to 635km².

Red River engaged Western Mining Services to conduct a review of the ground held by the Company in the Stella Range. The outcome of the review is expected to be completed shortly.

On 28 May, Red River announced a private placement had been completed to S708 sophisticated investors to raise \$400,477 (less costs of \$6,500). 8,889,500 new shares were issued at 4.5 cents (a 45% premium to the 30 day volume weighted average price) with a one for two attaching 10 cent option (4,449,750 options) expiring on 31 December 2015 (which was subsequently approved at the General Meeting held on 17 September 2014).

Projects undertaken during the 2013-2014 financial year were as follows:

1. Miaree Project (E08/1350, E47/1309 AND E47/1707) Karratha area, Western Australia

The project tenements are currently held under joint venture between Iron Mountain 60.25% (The Managers) and Red River Resources 39.75%. They contain a maiden magnetite resource estimation previously received from our joint venture partner, Iron Mountain Mining Limited.

The following is a summary of the ASX release (13/08/12):-

Miaree Magnetite Resource

A summary of the Total Miaree Magnetite Inferred Resource as estimated by independent resource consultants Hackman & Associates Pty Ltd is provided in Table 1 below.

Additional technical information in regards to the resource estimation for both the 2008 and 2012 drilling data resources is contained within the Hackman & Associates Pty Ltd Resource Statements provided in Appendices 1 & 2 of the Red River (ASX, Red River release 13/08/12).

Drilling	Tenements	Inferred Resource (Mt)	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	P (%)	LOI (%)	Cut-off Fe (%)
2008 ¹	E08/1350, E47/1309 & E47/1707	177	29.68	3.18	43.80	0.05	1.80	25
2012 ²	E08/1350	109	34.10	1.76	42.27	0.07	-0.82	25
TOTAL MIAREE INFERRED RESOURCE		286	31.36	2.64	43.22	0.06	0.80	25

1 48 RC holes for 4229m, Av. Depth = 88m, Vertical resource projection to -125RL

2 6 RC holes for 2102m, Av. Depth = 350m, Vertical resource projection to -325RL

Table 1 – Summary of the Total Miaree Magnetite Inferred Mineral Resource at a 25% Fe head grade cut-off.

Miaree Gold Project

The Miaree Gold Project is contained primarily within tenement E47/1309. In the past, multiple prospect areas have regularly returned high gold grades from geochemical, rock chip and costean sampling. Subsequent drilling in June 2011 (14 RC holes for 1406m) and an additional RC hole during 2012 into the Bergsma prospect were unable to replicate gold at depth.

2. Blythe Project

Forward Mining Ltd continues project assessment requirements for the proposed development of the Blythe Iron Ore Project in Tasmania.

DIRECTORS' REPORT

(Note: Forward Mining has re-named the project the Rogetta Project, which is located approximately 30km south of Burnie and would involve extracting and refining iron ore and transporting it to Burnie by road or rail for export).

Under the amended Blythe sale agreement, the following consideration is payable to the previous 50:50 Project Joint Venture partners Iron Mountain Mining Ltd and Red River under the following restructured milestones:

- Payment of A\$1,000,000 upon the first shipment of iron ore extracted from the Blythe Project tenements
- Payment of A\$2,000,000 upon the first anniversary of the first shipment of iron ore extracted from the Blythe Project tenements
- Payment of A\$2,000,000 upon the second anniversary of the first shipment of iron ore extracted from the Blythe Project tenements
- A royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements

No update was received from Forward Mining during the period. Future updates on the status of the Blythe Project will be announced as provided by Forward Mining Ltd.

3. BOLGART PROJECT (100% RVR)

(Application E70/4547) (Surrendered)

The Bolgart area which is located 95km north east of Perth, 30km north of Toodyay and just to the north west of the small town of Bolgart. The application which is currently going through the approval process covers an area of approximately 111km² and has good access via bitumen roads. Most of the area is private land (88%) and the area is covered by native title claim YUED WC97/71.

Previous Exploration

Gold was first discovered in the Bolgart district in 1897 with several small scale mining and prospecting claims located approximately 5km north west of the town of Bolgart. The workings were within a north south metamorphic belt of iron bearing mica schist dipping east containing irregular lenticular veins of glassy quartz. The workings consisted of small pits, shafts and trenches and were following a northerly trend. The government geologist at the time (March 1898) concluded the field would not yield payable ½oz/t gold (15.55 g/t) required at that time and no further mining and prospecting was recorded after this initial phase probably due to better prospects with the discovery of the Kalgoorlie gold fields to the east.

During the late 1970's an explorer was interested in the Bolgart district for base metals and completed some soil geochemistry to the north of Red River's application area. No analysis was carried out for gold and they recommended further work which was not undertaken. This was followed by several phases of limited exploration which was described in more detail in the RVR ASX Exploration Update release 29/10/13. The exploration consisted of surface mapping and soil geochemistry identifying a 23km long open ended north north west trending corridor of elevated arsenic, which corresponded to the explorer's mapping of the greenstone and sporadic aeromagnetic highs. This was followed up by percussion drilling which identified anomalous low order (>0.1ppm -1ppm Au; with two holes > 1ppm Au) gold trending north, open ended, 50 - 200 metres wide and 1.4km long within Red River's application area.

The lease application extends 18km north of Bolgart and the northern half includes the Calligiri iron South West occurrence (DMP report Minedex S0229519). Magnetic Resources held the northern half of Red River's application from 2010 - 2013 and relinquished the area due to the thickness of the saprolite overburden which had overriding negative commercial implications. They drilled 9 RC holes in their quest for iron confirming magnetic BIF in 7 of their 9 holes as they reported in their ASX release (MAU) 25/10/12 and a summary of their drill results in their ASX Quarterly ended 31 December 2012. The main target for Red River in this area is gold; however their drilling data will be reviewed for iron potential and gold within the BIF.

DIRECTORS' REPORT

Geology

The Bolgart Project lies within the north westerly trending Jimperding Metamorphic Belt consisting of interlayered metasedimentary and igneous rocks which generally dip to the east. The western area is mainly deformed quartzite interlayered with gneiss, schist and banded iron. The eastern part is steeper dipping to the east and mainly thinly interlayered quartzite and banded iron with lesser of the western sequence. Although outcrop is poor there is evidence of strong deformation and complex folding. The old workings situated in the western sequence to the north west of Bolgart trended to the north within a deformed quartzite and banded iron formation which contained thin quartz veining. The old workings tended to concentrate on the lenticular quartz veining which seemed to be associated with or near the banded iron formations. The gold mineralisation was described to be patchy and low grade at the time of the old workings. The Callingiri magnetite iron South West occurrence within banded iron lies approximately 12km to the north of the old gold workings and is featured as a high magnetic area.

4. Gnowangerup/Tambellup (RVR 100%)

Tambellup (North) E70/4461 (Surrendered)

Gnowangerup E70/4220 (Surrendered) Tambellup E70/4219 (Surrendered)

The Tambellup (North) Project E70/4461 was granted in December 2013. After reviewing the exploration data collected by Red River in 2012/2013 over Gnowangerup E70/4220 and Tambellup South E70/4219 and previous exploration data on Tambellup north it was decided to surrender E70/4220 and E70/4219 and concentrate on the more prospective Tambellup (North) E70/4461. This would mitigate exploration expenses on the project area, which is located in the southwest of Western Australia near the southern margin of the Western Gneiss Terrain (WGT) within the greater Archaean Yilgarn Craton. The WGT consists of orthogneiss with parts of highly metamorphosed and deformed sedimentary and igneous rocks as well as large areas of re-crystallised granite. Notably twenty kilometers to the south of the Tambellup tenement several major east-west trending faults and shear zones mark the boundary between the Yilgarn Block and the Albany-Fraser Orogenic Province. This Province consists of Proterozoic gneiss, high-grade metamorphic and metasedimentary rocks of the Stirling Range Formation.

Falcon Minerals focused on the area in 2007/8 after identifying regionally elevated Ni-Cu values located to the east of Tambellup from the CSIRO/CRC LEME regional laterite geochemical database for the Western Yilgarn Craton. Geochemical soil sampling over the area defined nine nickel and copper anomalous areas, eight of which fall within Red River's tenement area. They also identified a low level gold in soil anomaly within E70/4461 which corresponds to the interpreted position of the Darkan fault position; also a target for Red River's exploration. This anomaly was located by Falcon minerals when they were exploring for base metals in 2008. The area also includes an untested magnetic bulls-eye anomaly situated in the east and consolidates the project into a area of approximately 170km².

5. Minigwal Project (RVR 100%)

(E39/1685 and E39/1686)

The Minigwal project area is prospective for gold and is located 250km northeast of Kalgoorlie and consists of two exploration licences E39/1685 and E39/1686. The project covers approximately 166km² and encompasses the sand covered south eastward extension of the Laverton Greenstone belt which has produced 25 million ounces of gold to date. The area is under explored and is located on the eastern margins of the Yilgarn Shield, a region which is starting to yield new gold discoveries.

Reconnaissance i.e. one sample per 16km², fine fraction soil geochemistry carried out in the region by the Geological Survey of Western Australia (GSWA) in 2008 has shown that modern exploration techniques may have the capacity to detect buried greenstone carrying gold and other mineralisation through sand cover. (GSWA record 2012/13 Fine-Fraction Geochemistry of East Wongatha Area, Western Australia; tracing bedrock and mineralisation through cover). This is verified by case histories published for the Tropicana gold discoveries further to the east of Minigwal and more recently the Nova nickel copper discovery by Sirius Resources to the south of the project area near Fraser Range.

Red River Resources Ltd

DIRECTORS' REPORT

The exploration strategy of Red River is to use the fine fraction regional geochemical data it has recently collected on E39/1685, E39/1686 along with previous explorer's exploration data and that of the GSWA fine fraction geochemistry [<50 micron (<50 µm)] over the sand covered areas for analysis in conjunction with the geophysical interpretation to determine the presence of any possible buried mineralised greenstone. Additional closer spaced sampling using fine fraction analysis is required to determine potential target areas.

6. Manjimup Project (RVR 100%) E70/4413 (Surrendered)

The Manjimup exploration licence covers an area of approximately 91Km² and is situated directly east of Manjimup in the South West of Western Australia and is roughly split between State Forest and private land holdings.

Significant changes in the state of affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Matters subsequent to the end of the financial year

On 3 July 2014 Red River entered into a binding Exclusivity Agreement with Kagara Limited (In Liquidation) and its wholly owned subsidiary Kagara Copper Pty Ltd (In Liquidation) (Kagara Copper) under which certain assets in Queensland owned by Kagara and Kagara Copper (Southern Region Assets) would be sold to Red River. The consideration payable is \$6.5 million.

The consideration is payable via:

- A cash payment of \$3.5 million on close of the transaction.
- Issue of a convertible note (CN) for \$1.5 million convertible at the holder's election at 10 cents at any time up to 2 years from the date of issue of the instrument.
- Interest on the CN is at 7.5% payable in cash or shares at the option of Red River.
- A deferred cash payment of \$1.5 million, three months after the commencement of commercial production from the Southern Region Assets.
- Net smelter return royalty of 1.5% on production from the Southern Region Assets other than assets covered by an existing royalty agreement to a third party.

On 12 September 2014 Red River announced that it had entered into a sales agreement in respect of the Southern Region Assets on terms consistent with the Exclusivity Agreement, except Red River has elected to pay \$1.5m cash on close of the transaction instead of issuing a \$1.5m convertible note.

The sales agreement is subject to a number of conditions, among which includes all necessary government and regulatory approvals and Red River shareholder approvals that may be required.

On 17 September 2014 Red River held a General Meeting to approve several resolutions, including the approval to change the scale of the Company's activities and also to raise \$7.5 million via the placement of 75,000,000 shares to s708A investors. These resolutions were passed on a show of hands. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results

Information on likely developments in the operations of the company and the expected results of those operations have not been included in this report as the directors believe it would be likely to result in unreasonable prejudice to the company. The company is to continue to explore for metals on its properties, and seek to finalise the Southern Region Transaction. Once the transaction has closed,

For personal use only

Red River Resources Ltd

DIRECTORS' REPORT

Red River will seek to maximise its value after undertaking a detailed review of the assets and their potential.

Shares Under Option

As at 30 June 2014, there are 3,500,000 options under issue. Refer to the remuneration report and note 14 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company. During the financial year no options were exercised.

Directors' Meetings

The following table sets out the number of meetings of the company's directors held while each director was in office and the number of meetings attended by each director:

Director	Board Meetings	
	Number of meetings held	Number of meetings attended
Donald Garner	4	4
Paul Hart	4	4
Cameron Bodley	4	4
Erling Sorensen	-	-
Suraj Sanghani	-	-
Zhukov Pervan	1	1
David Zohar	3	3
John Karajas	1	1
Noel Taylor	3	3

For personal use only

Red River Resources Ltd

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The company's policy for determining the nature and amount of emoluments of board members and senior executives are as follows:

Executive Remuneration

The company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the company. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the company and its shareholders to do so. The Board's remuneration policy reflects its obligation to align executive's remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the company. The main principles of the policy are:

- Remuneration reflects the competitive market in which the company operates
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board recommends the actual payments to directors. The maximum aggregate remuneration approved for non-executive directors is currently \$100,000. All directors are entitled to have any indemnity insurance paid by the company (currently \$11,350 per annum). Currently each non-executive director is entitled to receive \$24,000 per annum (plus statutory superannuation entitlements), which is down from \$45,000 (plus statutory superannuation entitlements.) which was effective until 31 March 2014. Refer below for details of non-executive directors' remuneration.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (2013: 9.25%), and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using either the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$100,000). Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in an employee option plan (none adopted to date).

Performance based remuneration

The company currently has no performance based remuneration component built into director and executive remuneration packages.

The Board believes that as the company is in its start up phase of development it is not feasible to establish Key Performance Indicators from which to base director and executive remuneration packages. Once the company is more fully established the Board will reconsider this policy.

For personal use only

Red River Resources Ltd

DIRECTORS' REPORT

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

Details of remuneration

Disclosures relating to directors and executive officers (key personnel) emoluments are outlined below and in note 16 to the financial statements. During the 2014 financial year no options were granted to directors.

On 3 December 2012 2,000,000 options exercisable at \$0.10 each on or before 28 November 2013 were issued to an associate of Noel Taylor as part of his remuneration.

The key management personnel of the Company during the year are the directors and company secretary.

Directors

Donald Garner (Executive Director) (Appointed 31 March 2014)

Paul Hart (Non-Executive Director) (Appointed 31 March 2014)

Cameron Bodley (Non-Executive Director) (Appointed 24 April 2014)

Erling Sorensen (Non-executive Director) (Appointed 31 March 2014) (Resigned 24 April 2014)

Suraj Sanghani (Non-Executive Director) (Appointed 11 February 2014) (Resigned 31 March 2014)

Zhukov Pervan (Non-Executive Director) (Appointed 30 August 2013) (Resigned 31 March 2014)

David Zohar (Executive Director) (Appointed 4 June 2002) (Resigned 11 February 2014)

John Karajas (Non-Executive Director) (Appointed 1 November 2003) (Resigned 30 August 2013)

Noel Taylor (Executive Director) (Appointed 18 November 2011) (Resigned 31 March 2014)

Company Secretary

Cameron Bodley (Appointed 31 March 2014)

Suraj Sanghani (Appointed 19 February 2014) (Resigned 31 March 2014)

Shoshanna Zohar (Appointed 16 December 2011) (Resigned 19 February 2014)

Key management personnel remuneration

2014

Name	Short Term	Post-employment	Share based payments		Total	Value of Share Based payments as a % of total remuneration Total
	Cash salary and fees	Superannuation	Options	Shares		
	\$	\$	\$	\$	\$	%
Donald Garner	24,167	2,235	-	-	26,402	-
Paul Hart	6,000	555	-	-	6,555	-
Cameron Bodley ³	24,910	407	-	-	25,317	-
Erling Sorensen	-	-	-	-	-	-
Suraj Sanghani	1,369	127	-	-	1,496	-
Zhukov Pervan	5,833	-	-	-	5,833	-
David Zohar ¹	36,933	-	-	-	36,933	-
John Karajas	9,167	848	-	-	10,015	-
Noel Taylor	95,069	11,412	-	-	106,481	-
Shoshanna Zohar ²	-	-	-	-	-	-
Total	203,448	15,584	-	-	219,032	-

Red River Resources Ltd

DIRECTORS' REPORT

2013

Name	Short Term	Post-employment	Share based payments			Value of Share Based payments as a % of total remuneration
	Cash salary and fees \$	Superannuation \$	Options \$	Shares \$	Total \$	Total
David Zohar ¹	56,317	-	-	-	56,317	-
John Karajas	51,667	4,650	-	-	56,317	-
Noel Taylor	168,883	15,300	10,990	-	195,173	5.63%
Shoshanna Zohar ²	-	-	-	-	-	-
Total	276,867	19,950	10,990	-	307,807	5.63%

¹The Company paid Swancove Enterprises Pty Ltd this amount. David Zohar is a sole director of this entity.

²Shoshanna Zohar was appointed as company secretary on 16 December 2011. Ms Zohar's salary and superannuation were paid solely by Iron Mountain Mining Limited. Iron Mountain Mining Limited charged for the time spent by Ms Zohar on the company's affairs.

³The Company paid Hanson Porter Curzon Pty Ltd director and consulting fees during the period. Consulting fees were for Company Secretarial, Accounting and Taxation services. Cameron Bodley is sole director of this entity.

Share Based Compensation

No options were granted during the 2014 financial year during the 2013 financial year, 2,000,000 options were granted to Mr Noel Taylor. The terms and conditions of the grant of options affecting remuneration in the reporting period are as follows:

Director	Options issued as compensation	Issue Date / Date vested and exercisable	Value per option at grant date (cents)	Exercise Price (cents)	Expiry Date
Noel Taylor	2,000,000	3 December 2012	0.55	10	28 November 2017

Options issued under the plan contain no dividend or voting rights.

When exercised, each option is converted into one ordinary share.

The assessed fair value of the options at grant date is calculated in accordance with AASB 2 Share Based payments, the values are determined using a Black –Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Additional Information

The table below sets out the performance of the company and the consequences of performance on shareholders' wealth for the past five financial years.

	2009	2010	2011	2012	2013	2014
Quoted price of ordinary shares at period end (cents)	6.5	5.6	6.0	1.7	1.1	6.0
Quoted price of options at period end (cents)	0.7	-	-	-	-	-
Profit / (Loss) per share (cents)	(1.67)	(1.18)	(1.11)	0.13	(0.88)	(0.64)
Dividends paid	-	-	-	-	-	-

Red River Resources Ltd

DIRECTORS' REPORT

Service agreements and remuneration commitments

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these are as follows:

Name: Mr Donald Garner
Title: Managing Director
Agreement commenced: 1 April 2014
Term of agreement: No end date
Details: His fixed remuneration is \$145,000 plus superannuation and his variable remuneration is any executive remuneration share scheme or executive option scheme or cash bonus payment as may be determined by the board.

Mr Garner is required to give 3 months notice of his resignation. Termination by the company will result in six months salary to Mr Garner by the Company.

The value of this benefit is as follows:

30 June 2014	Mr Garner
Due within one year	\$72,000
Due Later than one year	-
Total	<u>\$72,000</u>

Apart from the above described agreement there are no outstanding commitments payable to any of the key management personnel as at 30 June 2014.

Securitisation Policy

Red River Resources Limited's security trading policy provides guidance on acceptable transactions in dealing in the company's various securities, including shares, debt notes and options. Red River Resources Limited's security trading policy defines dealing in company securities to include:

- (a) Subscribing for, purchasing or selling company securities or entering into an agreement to do any of those things;
- (b) Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in company securities; and
- (c) Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in company securities.

The securities trading policy details acceptable and unacceptable times for trading in company securities including detailing potential civil and criminal penalties for misuse of "inside information". The directors must not deal in company securities without providing written notification to the Chairman. The Chairman must not deal in company securities without the prior approval of the Chief Executive Officer. The directors are responsible for disclosure to the market of all transactions or contracts involving the company's shares.

The Red River Resources Limited Employee Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to key management personnel and executives. Participants in the Red River Resources Limited Employee Option Plan may not enter into derivative transactions with third parties to eliminate the performance element of the options. This rule is enforced via an annual declaration of compliance by all option plan participants.

Red River Resources Ltd

DIRECTORS' REPORT

Voting and comments made at the company's 2013 Annual General Meeting

Red River received its first strike against its remuneration report with over 27% of the vote cast by shareholders against the remuneration report for the 2013 year.

The Company does not use a remuneration consultant.

End of Audited Remuneration Report

Environmental Regulation

So far as the directors are aware, there have been no significant breaches of environmental conditions of the company's exploration licences.

Greenhouse Gas and Energy data reporting requirements

The company is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the company to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 requires the company to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2014 the company was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The company will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

Insurance of officers

During the financial year, Red River Resources Limited paid a premium of \$11,350 to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage from themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

The company has not, during or since the financial year, in respect of any person who is or has been an auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Proceedings on Behalf of Company

No person has applied for leave of Court under S.237 of the *Corporations Act 2001* to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

For personal use only

Red River Resources Ltd

DIRECTORS' REPORT

Non-audit services

The Board of Directors is satisfied that the provision of non-audit related services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that any non-audit related services provided do not compromise the external auditor's independence for the following reasons:

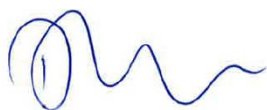
- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees were paid for non-audit services to the external auditors and their associated entities during the year ended 30 June 2014 and 30 June 2013.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2014 has been received and is set out on page 16.

Signed in accordance with a resolution of directors.



Donald Garner
Managing Director

30 September 2014
Melbourne, Victoria

For personal use only

Red River Resources Ltd

AUDITORS INDEPENDENCE DECLARATION



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Red River Resources Ltd
Level 6, 350 Collins St
Melbourne VIC 3000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 30th September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

For personal use only

Red River Resources Ltd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from continuing operations	4	5,208	37,336
Administration		(169,927)	(158,258)
Exploration costs		(26,079)	(55,337)
Depreciation		(4,159)	(7,417)
Employment costs (including directors)		(219,044)	(411,871)
Share based payments		(30,651)	(10,990)
Impairment of available-for-sale financial assets		-	(5,000)
Loss before Income Tax		(444,652)	(611,537)
Income tax expense	5	-	-
LOSS FOR THE YEAR AFTER TAX		(444,652)	(611,537)
Other comprehensive income			
Items that may be reclassified to the profit or loss:			
Changes in the fair value of Available for Sale Financial Assets			
		-	-
Total comprehensive loss for the year attributable to the owners of Red River Resources Ltd		(444,652)	(611,537)
Loss attributable to owners of Red River Resources Ltd.		(444,652)	(611,537)
Basic and diluted loss per share (cents)	25	(0.64)	(0.88)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

For personal use only

Red River Resources Ltd

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	6	425,984	494,216
Trade and other receivables	7	12,856	22,287
TOTAL CURRENT ASSETS		438,840	516,503
NON-CURRENT ASSETS			
Exploration and evaluation assets	8	50,361	-
Property, plant & equipment	9	1,680	24,812
Intangibles	10	663	-
Available-for-sale financial assets	11	-	1,500
TOTAL NON-CURRENT ASSETS		52,704	26,312
TOTAL ASSETS		491,544	542,815
CURRENT LIABILITIES			
Trade and other payables	12	60,991	74,365
Provisions	13	1,884	21,400
TOTAL CURRENT LIABILITIES		62,875	95,765
TOTAL LIABILITIES		62,875	95,765
NET ASSETS		428,669	447,050
EQUITY			
Issued capital	14	8,418,169	8,022,549
Reserves	15	81,153	50,502
Accumulated losses	15	(8,070,653)	(7,626,001)
TOTAL EQUITY		428,669	447,050

The above statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

Red River Resources Ltd

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total \$
2014				
Balance at 1 July 2013	8,022,549	(7,626,001)	50,502	447,050
Total comprehensive income for the year	-	-	-	-
Profit for the year	-	(444,652)	-	(444,652)
Other comprehensive loss	-	-	-	-
Change in fair value of available for sale financial assets	-	-	-	-
Total other comprehensive loss for the year	-	-	-	-
Total comprehensive loss for the year	-	(444,652)	-	(444,652)
Equity-settled share based payment	-	-	30,651	30,651
Contributions of equity, net of transaction costs	395,620	-	-	395,620
Balance as at 30 June 2014	8,418,169	(8,070,653)	81,153	428,669
2013				
Balance at 1 July 2012	8,022,549	(7,014,464)	39,512	1,047,597
Total comprehensive loss for the year	-	-	-	-
Loss for the year	-	(611,537)	-	(611,537)
Other comprehensive loss	-	-	-	-
Change in fair value of available for sale financial assets	-	-	-	-
Total other comprehensive loss for the year	-	-	-	-
Total comprehensive loss for the year	-	(611,537)	-	(611,537)
Contributions of equity, net of transaction costs	-	-	-	-
Employee share options - Value of employee services	-	-	10,990	10,990
Balance as at 30 June 2013	8,022,549	(7,626,001)	50,502	447,050

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Red River Resources Ltd

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		201	-
Payments for exploration and evaluation, expensed		(26,079)	(55,337)
Payments to suppliers and employees		(412,344)	(623,549)
Interest received		5,922	25,620
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	22	(432,300)	(653,266)
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund of mining bonds		-	27,320
Proceeds from disposal of available for sale assets		1,390	-
Payments for property plant and equipment		(1,895)	(30,130)
Payment for intangibles		(686)	-
Proceeds from sale of property plant and equipment		20,000	27,800
Payments for exploration and evaluation, capitalised		(50,361)	-
NET CASH OUTFLOWS IN INVESTING ACTIVITIES		(31,552)	24,990
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		400,477	-
Payment for capital raising costs		(4,857)	-
NET CASH INFLOWS FROM FINANCING ACTIVITIES		395,620	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(68,232)	(628,276)
Cash and cash equivalents at the beginning of the financial year		494,216	1,122,493
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	425,984	494,216

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the Corporations Act 2001. Red River Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements of Red River Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company'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 disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red River Resources Limited ("Company" or "Parent entity") as at 30 June 2014 and the results of all subsidiaries for the year ended then. Red River Resources Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholder of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidate entity. They are de-consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidate entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the business combinations accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the profit or loss.

(b) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair value of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and the liabilities assumed for the appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liabilities are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in the profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisions amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is capitalised if either the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale or exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquisition expenditure is accumulated in respect of each identifiable area of interest held in the name of the company. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Where the abandoned area has previously been revalued, the previous revaluation increment is reversed against the Asset Revaluation Reserve.

When production commences, the accumulated acquisition and development costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(g) Property, Plant & Equipment

Each asset of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

All items of property, plant and equipment (except computer software) are depreciated using the diminishing value method over their estimated useful lives to the company. The depreciation rates used for each class of asset for the current period are as follows:

- Plant & equipment 7.5%
- Motor Vehicles 25%
- Computer Equipment 40% - 66.67%
- Computer Software 40% (depreciated using Prime Cost Method)

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. Any gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Investments and Other Financial Assets

Classification

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets initially recognised at fair value with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Subsequent Measurement

Available-for-sale financial assets are subsequently measured at fair value. Changes in the fair value of available-for-sale financial assets are recognised in the statement of comprehensive income. Loans and receivables are carried at amortised cost using the effective interest method. Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(j) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances

The company may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(k) Employee Benefits

i. Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii. Other long-term employee benefit obligations

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Share-based payments

The company provides benefits to employees (including directors) of the company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high 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 and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Option Fee Income is recognised when payment for the option fee is received. Revenue from the sale of investments is recognised when the relevant sale contract is executed.

(o) Contributed equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(p) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(q) Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measure at the present value of management's best estimate of the expenditure

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Joint ventures

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred. For 'farm in' and 'farm out' arrangements the acquirer may be responsible for all the expenses during the 'farm in' and 'farm out' period. The acquisition or disposal of joint venture assets are not recognised under 'farm in' and 'farm out' arrangements until agreed upon milestones are reached.

(t) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(s) Going Concern

For the year ended 30 June 2014, the company recorded a loss of \$444,652 (2013: \$611,537. At 30 June 2014, the cash balance was \$425,984 (2013: \$494,216).

On 19 September 2014 Red River completed a placement to sophisticated investors of 75,000,000 shares at 10 cents per share to raise \$7,500,000 before costs. In association with this placement, the Company has performed an assessment of the company's cash flow for the next 12 months which indicates that the company will continue as a going concern. In the event that circumstances change the company may be required to raise additional capital. These circumstances are currently uncertain.

In the event that the potential capital raising cannot occur and the Company is unable to successfully explore and subsequently exploit its tenements and/or sell its non-core assets then the going concern basis of accounting may not be appropriate with the result that the company may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded amounts or classification of liabilities that might be necessary should Red River Resources Ltd not be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

(f) Earnings per share

i. Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year. The group has adopted the following standards and interpretations from 1 July 2013:

The following accounting standards and interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which had a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holding and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangement and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 for 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosures requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation-Special Purpose Entities'.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to the Australian Accounting Standards arising from the Consolidated and Joint Arrangements Standards.

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-10 Amendments to Australian Accounting Standards- Transition Guidance and Other Amendments.

The consolidated Entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

The adoption of these standards have had no impact on the accounting policies of the Group.

(ii) New Accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report. No accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards- Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance conditions' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measurements at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgments made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial, Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortization); and Amends ASSB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement

For personal use only

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments; Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

2. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the Board of Directors in their day to day function as the overseers of the business. The Board provides written principles for overall risk areas, as well as defined policies for specific risks such as credit risk.

The company holds the following financial instruments:

	Consolidated	
	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	425,984	494,216
Trade and other receivables	12,856	22,287
Available-for-sale financial assets	-	1,500
	<u>438,840</u>	<u>518,00</u>
Financial Liabilities		
Trade and other payables	60,991	74,365
	<u>60,991</u>	<u>74,365</u>

(a) Market risk

(i) Foreign exchange risk

The company and its operations are limited to domestic activities within Australia.

Company sensitivity

The company's profit would not be materially different due to changes in exchange rates.

(ii) Price risk

The company is exposed to equity securities price risk. This arises from investments held by the company and classified on the statement of financial position as available-for-sale.

The company is not exposed to commodity price risk.

All of the company's equity investments are publicly traded and are listed on the Australian Securities Exchange.

The company manages equity securities price risk by only investing in companies where the Board has a detailed understanding of its financial and operating position.

The table below summarises the impact of increases of the all ordinaries index on the company's loss for the year and on equity. The analysis is based on the assumption that the all ordinaries index increased by 12.70% (2013 increased by 15.47%) with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the index.

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

	Impact on Profit/Loss		Impact on Equity	
	2014	2013	2014	2013
	\$	\$	\$	\$
All ordinaries	-	5,000	-	6,006

The available-for-sale securities were disposed of during 2014. The total loss for the 2013 year would decrease as a result of losses on equity securities classified as available-for-sale. Correspondingly, equity would increase as a result of gains on equity securities classified as available-for-sale in the 2013 year.

Given the nature of the financial assets, the directors believe the all ordinaries index is the most appropriate benchmark to measure the sensitivity of the price risk of the company's listed financial investments. However, it should be noted that the maximum negative impact on the statement of comprehensive income is \$1,500. The available-for-sale financial assets were disposed of during the 2014 year and realised \$1,390.

(iii) *Cash flow and fair value interest rate risk*

The company's main interest rate risk arises from funds held on deposit. Funds held on deposit at variable rates expose the company to cash flow interest rate risk. Funds held on deposit at fixed rates expose the company to fair value interest rate risk. During the year the company's funds on deposit were held in Australian Dollars.

As at the reporting date, the company had the following variable rate funds on deposit:

	30 June 2014		30 June 2013	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Funds on deposit	1.77	425,984	3.43	494,216

Company sensitivity

At 30 June 2014, if interest rates had changed by -100/ + 70 basis points (2013: -100/ + 70 basis points) from the year-end rates with all other variables held constant, losses for the year would have been \$1,949 higher/ \$7,305 lower (2013 – change of 100 bps, losses would have been higher: \$7,418 / change of 70 bps losses would have been lower: \$5,192), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been \$7,305 lower/ \$1,949 higher (2013 – change of 100 bps higher: \$7,418 / change of 70 bps lower: \$5,192) mainly as a result of a higher/lower interest income from cash and cash equivalents. The company has used nominal rate fluctuations in order to illustrate the effect on full year profit from the possible movement in interest rates during the reporting period.

(b) Credit risk

Credit risk is managed on a company basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and receivables from Joint Venture and Farm-In operations.

The company's maximum exposure to credit risk at the reporting date was:

	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	425,984	494,216
Trade and other receivables	12,856	9,642
Available-for-sale financial assets	-	1,500
Total	438,840	505,385

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

The directors believe that there is negligible credit risk with the cash and cash equivalents, as cash and cash equivalents are held at call and short term deposit with a reputable Australian Banking institution with a long term S&P credit rating of AA-. The other receivables relate to amounts owing from government agencies and other listed Australian Companies with substantial current assets. The receivables are within normal trading terms. No security interests are taken to cover financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank bills that are highly liquid and with maturities of less than six months.

Financing arrangements

The company does not have any financing arrangements.

Maturities of financial liabilities

The company's only debt is with associated entities relating to trade payables where payments are generally within 30 days.

(d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, Red River has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the company's assets measured and recognised at fair value at 30 June 2014 and 30 June 2013.

Consolidated – at 30 June 2014	Level 1	Level 2	Level 3	Total
--------------------------------	---------	---------	---------	-------

Assets

Available-for-sale financial assets				
Equity securities	-	-	-	-

Consolidated – at 30 June 2013	Level 1	Level 2	Level 3	Total
--------------------------------	---------	---------	---------	-------

Assets

Available for sale financial assets				
Equity securities	1,500	-	-	1,500

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid prices at the end of the financial year. These instruments are included in Level 1.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

3. Critical Accounting Estimates and Judgements

Estimates and Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key estimates

(iii) *impairment*

During the year ended 30 June 2014, the Company did not make any significant judgements about impairment. During the year ended 30 June 2013 the Company however did make a significant judgement about the impairment of a number of its available-for-sale financial assets (see note 11).

The company follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The decline in fair value below cost for some of these assets has been considered to be significant and/or prolonged. The Company disposed of these assets during the 2014 financial year and had previously recorded an impairment loss during the previous year ended 30 June 2013 of \$5,000.

(iv) *Revenue and contingent assets*

The Company does not have any contingent assets or revenue.

4. Revenue

From Continuing Operations

Other Revenue

Interest income
Profit on sale of Plant and Equipment
Miscellaneous income

Consolidated	
2014	2013
\$	\$
5,108	25,429
-	11,907
100	-
5,208	37,336

5. Income Tax

Numerical reconciliation of income tax to prima facie tax payable

Net loss before tax	(444,652)	(611,537)
Tax/(tax benefit) at the Australian tax rate of 30%	(133,396)	(183,461)
Tax effect of amounts that are not deductible / taxable in calculating taxable income		
Other non-taxable expenses	(18,169)	6,351
Benefit of tax losses not previously brought to account	151,565	177,110
	-	-

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised.	8,533,833	8,028,617
Potential tax benefit @ 30%	<u>2,560,150</u>	<u>2,408,585</u>
Temporary differences for which deferred tax assets have not been recognised		
▪ Provisions and accruals	39,883	48,315
▪ Capital raising costs	971	-
	<u>40,854</u>	<u>48,315</u>
Deferred tax assets relating to the above temporary differences.	<u>12,256</u>	<u>14,494</u>
6. Cash and Cash Equivalents		
Cash at bank	24,810	194,216
Cash funds on short term deposit	<u>401,174</u>	<u>300,000</u>
	<u>425,984</u>	<u>494,216</u>
(a) Risk exposure		
The company's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.		
7. Trade and other receivables		
Trade debtors	-	2,809
Goods and services tax refund	2,402	5,725
Other receivables	316	1,108
Prepayments	<u>10,138</u>	<u>12,645</u>
	<u>12,856</u>	<u>47,372</u>
Refer note 2 for financial risk management.		
There are no receivables that are past due but not impaired.		
8. Exploration and evaluation		
Exploration and evaluation	50,361	-
	<u>50,361</u>	<u>-</u>
		Exploration and evaluation
		\$
Balance at 1 July 2012		-
Additions		-
Impairment		-
Balance at 30 June 2013		<u>-</u>
Additions		50,361
Impairment		-
Balance at 30 June 2014		<u>50,361</u>

Total Exploration and evaluation expenditure capitalised is solely intangible. The directors have performed an impairment review based on the economic benefits that may arise.

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Recoverability of the carrying amount of the exploration assets is dependent on successful exploration activities.

Capitalised costs have been included in the statement of cash flows as an investing activity.

9. Property, Plant & Equipment

	2014 \$	2013 \$
Plant and equipment, at cost	1,895	14,380
Accumulated depreciation	(215)	(13,668)
	<u>1,680</u>	<u>712</u>
Motor vehicles, at costs	-	30,130
Accumulated depreciation	-	(6,030)
	<u>-</u>	<u>24,100</u>
Total Property Plant & Equipment	<u>1,680</u>	<u>24,812</u>

Movement during the year	Plant & Equipment (\$)	Motor Vehicles (\$)	Total (\$)
Balance at 1 July 2012	1,277	16,714	17,991
Acquisitions	-	30,130	30,130
Disposals	-	(15,892)	(15,892)
Depreciation expense	(565)	(6,852)	(7,417)
Balance at 30 June 2013	<u>712</u>	<u>24,100</u>	<u>24,812</u>

	Plant & equipment (\$)	Motor Vehicles (\$)	Total (\$)
Balance at 1 July 2013	712	24,100	24,812
Acquisitions	1,895	-	1,895
Disposals	-	(20,891)	(20,891)
Depreciation expense	(927)	(3,209)	(4,136)
Balance at 30 June 2014	<u>1,680</u>	<u>-</u>	<u>1,680</u>

10. Intangibles

	2014 \$	2013 \$
Formation costs	686	-
Accumulated amortisation	(23)	-
	<u>663</u>	<u>-</u>
Total Formation costs	<u>663</u>	<u>-</u>

	Formation costs \$
Balance at 1 July 2012	-
Additions	-
Impairment	-
Amortisation	-
Balance at 30 June 2013	<u>-</u>
Additions	686
Impairment	-
Amortisation	(23)
Balance at 30 June 2014	<u>663</u>

Formation costs relate to incorporation of subsidiary entities and are amortised over 5 years.

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

11. Available-For-Sale Financial Assets

	Consolidated	
	2014	2013
	\$	\$
Shares in listed companies at fair value	-	1,500
	-	1,500
At Beginning of year	1,500	6,500
Acquisitions	-	-
Disposals	(1,390)	-
Fair value adjustments	(110)	-
Impairment of available-for-sale financial assets	-	(5,000)
At end of year	-	1,500

Fair value of investments in listed corporations is assessed as the bid price on the Australian Securities Exchange prior to close of business on reporting date.

12. Trade and other payables

Trade creditors and accruals	60,991	68,736
PAYG Withholding	-	5,629
	60,991	74,365

13. Provisions

Employee entitlements	1,884	21,400
	1,884	21,400

All provisions are expected to be settled within 12 months.

14. Issued capital

(a) Issued capital – Ordinary Shares

78,229,505 (2013: 69,330,005) fully paid ordinary shares	8,418,169	8,022,549
--	-----------	-----------

(b) Movement of fully paid ordinary shares during the current year were as follows:

	2014	
	Number of Shares	\$
At 1 July 2013	69,330,005	8,022,549
Placement shares issued 5 June 2014	8,899,500	400,478
Costs of raising capital	-	(4,858)
At 30 June 2014	78,229,505	8,418,169

(c) Movement of fully paid ordinary shares during the prior year were as follows:

	2013	
	Number of Shares	\$
At 1 July 2012	69,330,005	8,022,549
At 30 June 2013	69,330,005	8,022,549

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

(d) Share Options

As at 30 June 2014, the company has 3,000,000 options on issue (2013: 2,000,000) with 2,000,000 having an exercise price of 10 cents and an expiry date of 28 November 2017 and 1,500,000 having an exercise price of 5 cents and an expiry date of 30 June 2015.

(e) Movement of share options during the current year was as follows:

	2014	
	Number of Options	\$
At 1 July 2013	2,000,000	50,502
Consultant Options issued	1,500,000	30,651
At 30 June 2014	3,500,000	81,153

(f) Movement of share options during the prior year were as follows:

	2013	
	Number of Options	\$
At 1 July 2012	-	50,502
Director Options issued	2,000,000	10,990
At 30 June 2013	2,000,000	50,502

(g) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

(h) Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern so that the company can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The company considers capital to consist of cash reserves on hand and available-for-sale financial assets.

The company monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the company will sell assets, issue new securities, raise debt or modify its exploration program to ensure the company's working capital requirements are met.

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

15. Reserves and Accumulated Losses

	Consolidated	
	2014	2013
	\$	\$
Accumulated Losses		
Accumulated losses at the beginning of the financial year	7,626,001	7,014,464
Net loss for the year	444,652	611,537
Accumulated losses at the end of the financial year	<u>8,070,653</u>	<u>7,626,001</u>
Option Reserve		
Balance at the beginning of the year	50,502	39,512
Increase on option based payments	30,651	10,990
Balance at end of year	<u>81,153</u>	<u>50,502</u>

Nature and Purpose of Reserves

Option reserve

The option reserve is used to recognise the grant date fair value of options issued to employees and supplied but not exercised.

16. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation

Short-term	203,448	276,867
Post employment	15,584	19,950
Other long-term	-	-
Termination benefits	-	-
Share-based payment	-	10,990
	<u>219,032</u>	<u>307,807</u>

The remuneration disclosures are provided in the remuneration report on pages 9 to 13.

(b) Equity Instrument Disclosure Relating to Key Management Personnel

At reporting date the relevant interest of each Key Management Personnel in ordinary fully paid shares and options of the company were:

Director/KMP	Fully Paid Ordinary Shares			Balance at the end of the year
	Balance at beginning of the year	Issued as compensation/On Market Purchases	Transfers/ Ceasing to be a director	
Donald Garner	-	6,844,930	-	6,844,930
Paul Hart	-	6,918,729	-	6,918,729
Cameron Bodley	-	-	-	-
Erling Sorensen	-	-	-	-
Suraj Sanghani	-	-	-	-
David Zohar	11,334,888	-	(11,334,888)	-
John Karajas	9,300,000	-	(9,300,000)	-
Noel Taylor	-	-	-	-
Shoshanna Zohar	-	-	-	-
	<u>20,634,888</u>	<u>13,763,659</u>	<u>(20,634,888)</u>	<u>13,763,659</u>

No shares are held nominally.

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Director/KMP	Share Options			
	Balance at beginning of the year	Option issued as compensation/On Market Purchases	Transfers/ Ceasing to be a director	Balance at the end of the year
Donald Garner	-	-	-	-
Paul Hart	-	-	-	-
Cameron Bodley	-	-	-	-
Erling Sorensen	-	-	-	-
Suraj Sanghani	-	-	-	-
David Zohar	-	-	-	-
John Karajas	-	-	-	-
Noel Taylor	-	2,000,000	(2,000,000)	-
Shoshanna Zohar	-	-	-	-
	-	2,000,000	(2,000,000)	-

At 30 June 2013 the relevant interest of each director in ordinary fully paid shares and options of the company were:

Director/KMP	Fully Paid Ordinary Shares			
	Balance at beginning of the year	Issued as compensation/On Market Purchases	Transfers/ Ceasing to be a director	Balance at the end of the year
David Zohar	11,358,037	161,851	(185,000)	11,334,888
John Karajas	9,300,000	-	-	9,300,000
Noel Taylor	-	-	-	-
Shoshanna Zohar	-	-	-	-
	20,658,037	161,851	(185,000)	20,634,888

No shares are held nominally.

Director/KMP	Share Options			
	Balance at beginning of the year	Option issued as compensation/On Market Purchases	Transfers/ Ceasing to be a director	Balance at the end of the year
David Zohar	-	-	-	-
John Karajas	-	-	-	-
Noel Taylor	-	2,000,000	-	2,000,000
Shoshanna Zohar	-	-	-	-
	-	2,000,000	-	2,000,000

17. Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms.

	2014 \$	2013 \$
An audit or review of the financial statements of the entity (BDO Audit (WA) Pty Ltd)	-	31,829
An audit or review of the financial statements of the entity (Rothsay Consulting Services Pty Ltd)	18,000	-
	18,000	31,829

For personal use only

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

18. Events Occurring After the Reporting Period

On 3 July 2014 Red River entered into a binding Exclusivity Agreement with Kagara Limited (In Liquidation) and its wholly owned subsidiary Kagara Copper Pty Ltd (In Liquidation) (Kagara Copper) under which certain assets in Queensland owned by Kagara and Kagara Copper (Southern Region Assets) would be sold to Red River. The consideration payable is \$6.5 million.

The consideration is payable via:

- A cash payment of \$3.5 million on close of the transaction.
- Issue of a convertible note (CN) for \$1.5 million convertible at the holder's election at 10 cents at any time up to 2 years from the date of issue of the instrument.
- Interest on the CN is at 7.5% payable in cash or shares at the option of Red River.
- A deferred cash payment of \$1.5 million, three months after the commencement of commercial production from the Southern Region Assets.
- Net smelter return royalty of 1.5% on production from the Southern Region Assets other than assets covered by an existing royalty agreement to a third party.
- On 12 September 2014 Red River announced that it had entered into a sales agreement in respect of the Southern Region Assets on terms consistent with the Exclusivity Agreement, except Red River has elected to pay \$1.5m cash on close of the transaction instead of issuing a \$1.5m convertible note.

The sales agreement is subject to a number of conditions, among which includes all necessary government and regulatory approvals and Red River shareholder approvals that may be required.

On 17 September 2014 Red River held a General Meeting to approve several resolutions, including the approval to change the scale of the Company's activities and also to raise \$7.5 million via the placement of 75,000,000 shares to s708A investors. These resolutions were passed on a show of hands.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

19. Segment Information

The company operates in the mineral exploration industry in Australia only.

Given the nature of the company, its size and current operations, management does not treat any part of the company as a separate operating segment. Internal financial information used by the company's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The company's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

20. Related Party Transactions

a) Directors

The directors of Red River Resources Limited during the financial period were:

Donald Garner	Erling Sorensen	Noel Taylor
Paul Hart	Suraj Sanghani	John Karajas
Cameron Bodley	David Zohar	Zhukov Pervan

There have been no director changes post 30 June 2014.

b) Related Party Transactions During the Year

i. Administrative and consulting services related transactions

Director related entities paid for expenses on behalf of Red River Resources Limited throughout the year. The following table details the company, total services provided and expenses paid for the year and balance owing at 30 June 2014:

Related Company	Value of services for the year ended 30 June 2014 (excl GST)	Value of services for the year ended 30 June 2013 (excl GST)	Balance owing at 30 June 2014 (excl GST)	Balance owing at 30 June 2013 (excl GST)
Hanson Porter Curzon Pty Ltd	\$26,760	-	\$9,933	-
Swancove Enterprises Pty Ltd	\$36,933	\$56,317	-	-
Iron Mountain Mining Limited	\$26,854	\$159,503	-	\$32,532
Elysium Resources Limited	-	\$498	-	-

Hanson Porter Curzon Pty Ltd is a related party of Mr Cameron Bodley. Hanson Porter Curzon provided director, taxation, secretarial, accounting, office rental and administration services to Red River on normal arms length commercial terms from 1 April 2014.

Swancove Pty Ltd is an entity associated with Mr David Zohar which supplied director services.

Iron Mountain Mining Limited has a joint venture with Red River Resources, of which it has invoiced Red River Resources for its share of the exploration activities. Iron Mountain Mining Limited also provided office rental and administration services until 31 March 2014.

Red River Resources Limited has on-charged Elysium Resources Limited (Formerly United Orogen Limited) \$Nil (2013: \$498) (excl. GST) for tenement related expenses.

ii. Joint venture transactions

The company was a participant in the joint venture arrangement with Iron Mountain Mining Ltd of which Mr Zohar is a director and/or Significant Shareholder. Refer to note 24 for further information on joint ventures.

Red River Resources Limited has on charged Iron Mountain Mining Limited \$12,311 (2013: \$7,556 (excl GST)) for expenses relating to the three joint venture tenements (Blythe, Miaree and Wongan Hills) of which \$Nil was outstanding at reporting date (2013: 2,809). Refer to note 23 for further details of these joint ventures.

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Amounts charged by Iron Mountain Mining Limited to Red River for expenses relating to the same joint venture agreements has been included in the table above.

iii. Investment in related entities

As at 30 June 2014, Red River did not hold any shares in director related entities of David Zohar or Cameron Bodley (2013: Nil). David Zohar resigned from the board of Eagle Nickel Limited on 31 January 2013.

All transactions with related parties are undertaken on an arm's length basis.

21. Commitments

The company has certain obligations to perform minimum exploration work on exploration tenements held. These obligations may vary over time, depending on the company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the company have not been provided for in the financial statements, however the expenditure required to maintain the exploration tenements over which the company has an interest in is listed in the table below:

Tenement Name	Holders (Shares)	Area Blocks	Grant Date/ App'n date	Expiry Date	Rent (\$)	Minimum Expenditure (\$)
E38/2937	Forth Resources Pty Ltd	26 Blocks	10/04/2014	N/A	-	-
E39/1797	Forth Resources Pty Ltd	63 Blocks	10/04/2014	N/A	-	-
E39/1805	Red River Resources Limited	30 Blocks	29/04/2014	N/A	-	-
E39/1806	Red River Resources Limited	18 Blocks	29/04/2014	N/A	-	-
E39/1807	Red River Resources Limited	4 Blocks	29/04/2014	N/A	-	-
E39/1808	Red River Resources Limited	1 Blocks	29/04/2014	N/A	-	-
E39/1809	Red River Resources Limited	1 Blocks	29/04/2014	N/A	-	-
P38/4128	Red River Resources Limited	196 Hectares	23/05/2014	N/A	-	-
P38/4129	Red River Resources Limited	169 Hectares	23/05/2014	N/A	-	-
P38/4130	Red River Resources Limited	194 Hectares	23/05/2014	N/A	-	-
P38/4131	Red River Resources Limited	193 Hectares	23/05/2014	N/A	-	-
P38/4132	Red River Resources Limited	194 Hectares	23/05/2014	N/A	-	-
E39/1685	Red River Resources Limited	22 Blocks	7/09/2012	6/09/2017	\$2,618	\$22,000
E39/1686	Red River Resources Limited	36 Blocks	20/03/2013	19/03/2018	\$4,284	\$36,000

Granted exploration tenement statutory expenditure commitments

Committed at reporting date but not recognized as liabilities, payable:

	Consolidated	
	2014	2013
	\$	\$
Within one year	58,000	340,000
One to five years	290,000	1,700,000
	<u>348,000</u>	<u>2,040,000</u>

For personal use only

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Refer note 24 for commitments under Joint Ventures. There are no other commitments for expenditure.

22. Reconciliation of the operating (loss) after tax to the net cash flows from operating activities

	Consolidated 2014 \$	2013 \$
Operating Loss after Income Tax	(444,652)	(611,537)
Adjustments to reconcile profit after tax to net operating cash flows		
Depreciation & amortisation	4,159	7,417
Impairment of available-for-sale financial asset	-	5,000
Share based payments expense	30,651	10,990
Loss on sale of investments	110	-
Loss/(profit) on sale of Property Plant and Equipment	890	(11,907)
Changes in Assets and Liabilities		
(Decrease)/increase in payables	(13,374)	(59,550)
(Decrease)/increase in provisions	(19,516)	16,144
(Increase)/decrease in prepayments	2,507	-
(Increase)/decrease in receivables	6,925	(9,823)
Net cash flow used in operating activities	<u>(432,300)</u>	<u>(653,266)</u>
Reconciliation of Cash		
Cash balance comprises;		
Cash at bank	24,810	194,216
Cash on short term deposit	401,174	300,000
	<u>425,984</u>	<u>494,216</u>

Financing Facilities Available

As at 30 June 2014, the company had no financing facilities available.

Non Cash Financing and Investing Activities

There were no non-cash financing and investing activities in 2013/14 and in 2012/13.

23. Contingencies

The directors are not aware of any contingent assets or liabilities as at 30 June 2014 (2013: nil). Refer to joint ventures in note 24.

24. Joint Ventures

Blythe

During the financial year ended 30 June 2012 the Blythe project continued to be funded by Forward Mining Limited. Forward's option to acquire the project was extended twice to 30 June 2012. This extension resulted in a total of \$50,000 being received each by Iron Mountain Mining Limited (the joint venture partner) and Red River Resources Limited. On 27 June 2012 the company announced that

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Forward Mining Limited had exercised their option to acquire Blythe on restructured payment terms, namely the following –

1. Payment of \$1,300,000 to be split equally between IRM and RVR before 30 June 2012 to exercise the option.
2. Payment of \$1,000,000 to be split equally between IRM and RVR upon first shipment of iron ore extracted from the Blythe project tenements
3. Payment of \$2,000,000 to be split equally between IRM and RVR upon anniversary of first shipment of iron ore extracted from the Blythe project tenements
4. Payment of \$2,000,000 to be split equally between IRM and RVR upon second anniversary of first shipment of iron ore extracted from the Blythe project tenements

The originally agreed royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements remains intact.

Miaree and Wongan Hills

On the 7 February 2012 the company announced that Iron Mountain Mining Limited had satisfied the stage 2 earn in requirements of the Joint Venture Agreement with Red River Resources Limited. As a result IRM lifted its interest in Miaree to 49% (RVR 51%). IRM notified the company that it did not wish to earn in to the third stage for a total of 70% equity. Instead IRM elected to sole fund the recent drilling program under the non-contributory dilutionary provisions in the Joint venture agreement. As at reporting date the current interests are IRM: 60.25% and RVR: 39.75%

The Wongan Hills project expired on 3 December 2012. The Company no longer has an interest in this project.

25. Earnings Per Share

	Consolidated	
	2014	2013
	Cents	Cents
(a) Basic loss per share (cents)	(0.64)	(0.88)
(b) Diluted loss per share (cents)	(0.64)	(0.88)
(c) Weighted average number of ordinary shares used as the Denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	69,749,615	69,330,005
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	69,749,615	69,330,005
(d) Earnings used in calculating earnings per share		
Basic loss per share	(444,652)	(611,537)
Diluted loss per share	(444,652)	(611,537)

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

26. Share-Based Payments

The following share based payments existed at 30 June 2014:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the half-year	2,000,000	10 cents	-	-
Granted	1,500,000	5 cents	2,000,000	10 cents
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at half-year end	3,500,000	5/10 Cents	2,000,000	10 cents
Exercisable at half-year end	3,500,000	5/10 Cents	2,000,000	10 cents

On 5 June 2014, 1,500,000 options were issued to consultants of Red River in lieu of cash with an exercise price of 5 cents and an expiry of 30 June 2015. Using the Black Scholes Model, the fair value of an option is approximately 2.04 cents based on the following criteria:

Exercise price	5 cents
Life of options	1.083 yrs
Share price at grant date	5 cents
Expected price volatility	100%
Risk free interest rate	3.5%

During the year ended 30 June 2013, 2,000,000 options were issued to an associate of company Director, Noel Taylor, with an exercise price of 10 cents and a term of 5 years. Using the Black Scholes Model, the fair value of an option is approximately 0.55 cents based on the following criteria:

Exercise price	10 cents
Life of options	5 years
Share price at grant date	1.6 cents
Expected price volatility	85%
Risk free interest rate	2.7%

There was no other share based compensation for the year. Options issued under the plan contain no dividend or voting rights.

Expenses arising from ordinary share payment transactions

Total expenses arising from share based payment transactions during the year were as follows:

	Consolidated	
	2014 \$	2013 \$
Options issued as employee compensation	-	10,990
Options issued to consultants as compensation	30,651	-
	<u>30,651</u>	<u>10,990</u>

27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Red River Resources Ltd

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2014

Name of entity	Country of incorporation	Equity Holding 2014	Equity Holding 2013
Forth Resources Pty Ltd	Australia	100.00%	-

28. Parent entity information

Set out below is the supplementary information about the parent entity:

Statement of comprehensive income:

	Parent	
	2014 \$	2013 \$
Loss after income tax	(444,628)	(611,537)
Total comprehensive income	(444,628)	(611,537)

Statement of financial position

Current assets	437,123	516,503
Non-current assets	52,141	26,312
Total assets	489,264	542,815
Current liabilities	60,572	95,765
Total liabilities	60,572	95,765
Equity		
Issued capital	8,418,169	8,022,549
Options reserve	81,153	50,502
Accumulated losses	(8,070,630)	(7,626,001)
Total equity	428,692	447,050

Guarantees entered into by the parent entity in relation to the debts of its subsidiary

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 (2013: Nil).

Contingent liabilities

The parent entity's contingent liabilities and commitments were the same as that of the consolidate entity.

Significant accounting policies

Significant accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1 except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment. Dividends received from subsidiaries are recognized as other income by the parent entity and its receipt may be an indicator of impairment of the investment.
- Equity settled awards by the parent to employees of subsidiaries are recognized as an increase in investment in the subsidiary with a corresponding credit to equity and not as a change to profit or loss. The investment in subsidiary is reduced by any contribution by the subsidiary.

For personal use only


Red River Resources Ltd

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes set out on pages 17 to 48, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date;
 - (c) complying with IFRS and interpretations adopted by the International Accounting Standards Board.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. The directors have been given the declaration by the Managing Director, Noel Taylor, as required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Donald Garner
Managing Director

30 September 2014
Melbourne, Victoria

For personal use only



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RED RIVER RESOURCES LTD

Report on the financial report

We have audited the accompanying financial report of Red River Resources Ltd (the Company[™]) which comprises the balance sheet as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

For personal use only

AUDIT REPORT



Audit opinion

In our opinion the financial report of Red River Resources Ltd is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Red River Resources Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.


Rothsay


Graham R Swan FCA
Partner

Dated 30th September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

For personal use only

CORPORATE GOVERNANCE STATEMENT

Introduction

The company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the company's needs. To the extent they are applicable; the company has adopted the Eight Essential *Corporate Governance Principles and Best Practice Recommendations* ("Recommendations") as published by the ASX Corporate Governance Council. Where, after due consideration, the company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

As the company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The company's Board Charter, Code of Conduct, Disclosure Policy, Shareholder Communications Policy, Risk Management Policy, Remuneration Policy and Trading Policy documents have been posted on the website.

The table below summarises the company's compliance with the Corporate Governance Council's Recommendations:

Principle	ASX Corporate Governance Council Recommendations	Comply
1	Lay solid foundations for management and oversight	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	No
1.2	Disclose the process for evaluating the performance of senior executives.	No
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	No
2	Structure the board to add value	
2.1	A majority of the board should be independent directors.	Yes
2.2	The chair should be an independent director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	No
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	No
3	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	No
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	No
4	Safeguard integrity in financial reporting	

For personal use only

CORPORATE GOVERNANCE STATEMENT

4.1	The board should establish an audit committee.	No
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. 	No
4.3	The audit committee should have a formal charter.	No
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	No
5	Make timely and balanced disclosure	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	Yes
6	Respect the rights of shareholders	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	Yes
7	Recognise and manage risk	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	Yes
8	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	No
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members. 	No
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the Guide to reporting on Principle 8.	No

For personal use only

CORPORATE GOVERNANCE STATEMENT

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the financial report and their term of office are detailed in the directors report.

There is no formal policy or procedure regarding the taking of professional advice by an independent director; however no restrictions are placed on an independent director to take advice on matters arising from their roles as independent directors of the company, or the reimbursement of the costs incurred by the company.

The determination by the Board as to whether individual directors are independent is a matter of judgment. In making this determination the Board has followed the guidance in Box 2.1 of the Recommendations and the *Guide to Reporting on Principle 2*. The Board considers the relationships the independent directors have with the company do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the company and consider these qualitative factors to be immaterial in the assessment of their independence.

Code of Conduct

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the company's integrity. The Code of Conduct appears on the company's website.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity, in the best interests of the company and in compliance with the letter and the spirit of the law and company policies.

Any breaches of the Code are reported to the chairman in the first instance for notification to the Board.

The directors are satisfied that the company has complied with its policies on ethical standards.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the Board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Continuous disclosure

The company has a disclosure policy that information concerning the company that a reasonable person would expect to have a material effect on the price of the company's securities is continuously disclosed as required under the Australian Stock Exchange (ASX) listing rules.

The company has appointed the Managing Director (MD), with assistance from the company secretary and Chairperson as required, to be responsible for communications with the ASX in relation to disclosure obligations and Listing Rules matters.

CORPORATE GOVERNANCE STATEMENT

Shareholder communication

The company has a Shareholder communication policy which encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. Annual and half yearly reports are made available on the company's website and mailed to those shareholders who request a hard copy.

The company also operates an email register for shareholders who wish to receive communications from the company via electronic means.

Risk management

The company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the company's business.

The company is not currently of a size to enable the formation of committees, the full board currently has the responsibility for the risk management of the company, however the board will assess the need to form a committee as the company develops in size and operations.

Corporate Reporting

The directors have made the following certifications to the Board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Remuneration Policy

The company's remuneration policy was developed by and approved by the Board. All executives receive a salary and statutory superannuation.

The company does not participate in share based remuneration for its executives but can issue share options to directors, employees and consultants. The terms of the share options to directors, employees and consultants are based on what similar sized companies in the mining industry are offering. All share options to be issued to directors require shareholder approval before being issued.

Disclosure as to the nature and amount of remuneration paid to the directors of the company is included in the directors report and notes to the financial statements in the company's annual report each year. The structure and objectives of the remuneration policy and its links to the company's performance is disclosed in the annual directors report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

Explanations for Departures from Best Practice Recommendations

Principle 1 Recommendation 1.1, 1.2, 1.3

Notification of Departure:

CORPORATE GOVERNANCE STATEMENT

The company has not: (1) formally disclosed the functions reserved to the Board and those delegated to senior executives; (2) formally disclosed the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the company and the roles and responsibilities of the Board and management. Previously, due to the small size of the Board and of the company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.4

Notification of Departure:

The full Board carries out the role of a nomination committee. The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the company's operations, where the company's focus is on the retention of directors and senior executives. In the future, as the company grows and increases in size and level of activity, the Board will reconsider the establishment of a separate nomination committee.

Principle 2 Recommendation 2.5

Notification of Departure:

The company has not disclosed the process for evaluating the performance of the Board, and individual directors.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of formal Board and individual director evaluation processes.

Principle 2 Recommendation 2.6

Notification of Departure:

The company has not disclosed whether a performance evaluation for the Board and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of formal Board and individual director evaluation processes.

Principle 3 Recommendation 3.2, 3.3, 3.5

Notification of Departure:

For personal use only

CORPORATE GOVERNANCE STATEMENT

The company has not established and disclosed a diversity policy.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the company grows and increases in size and activity, the Board will consider the establishment of a formal diversity policy.

Currently there is 1 woman in the company (being the company secretary). Other than the Board members, there are no employees within the company.

Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4

Notification of Departure:

The full Board carries out the role of an audit committee. The Board has not adopted a charter relevant to the specific functions of an audit committee.

Explanation for Departure:

The company's financial statements are prepared by external consultants and reviewed in detail by the Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Principle 8 Recommendation 8.1, 8.2, 8.4

Notification for departure:

The company has not established a separate remuneration committee.

Explanation for Departure:

Due to the early stage of development and small size of the company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at 2 Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

For personal use only

Red River Resources Ltd

SHAREHOLDER INFORMATION

ASX Information

Substantial shareholders

The substantial shareholders as at 25 September 2014 were:

Substantial Shareholder	Number Held	Percentage
-------------------------	-------------	------------

-

Distribution of shareholders as at 25 September 2014

Range of Holding	Holders	Shares
1-1,000	27	13,100
1,001-5,000	95	326,511
5,001-10,000	190	1,790,621
10,001 - 100,000	365	16,093,702
100,001 - over	175	135,005,571
	<u>852</u>	<u>153,229,505</u>

Shareholders with a less than a marketable parcel (defined as \$500 parcel at \$0.20 per unit): 51

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Twenty Largest Shareholders as at 25 September 2014 – 47.97%

	Number of Shares	% of capital held
MERSOUND PTY LTD	7,650,000	4.99
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,024,505	4.58
MR DONALD GARNER	6,844,930	4.47
R J MUFFET PTY LTD <R J MUFFET SUPER FUND A/C>	6,119,930	3.99
MRS ANNA CARINA HART + MR PAUL HART <HART FAMILY SUPER FUND A/C>	5,000,000	3.26
PASSIO PTY LTD <G WESTON & ASSOC S/F A/C>	5,000,000	3.26
FERGUSON CORPORATION PTY LTD <FERGUSON'S FURNITURE S/F A/C>	3,700,000	2.41
MR SEAN MUFFET	3,700,000	2.41
MRS KRISTINA MUFFET	3,574,520	2.33
CAPPIG FINANCE PTY LTD	3,000,000	1.96
MRS NADINE RUTH TOLCON	2,853,740	1.86
THE STEPHENS GROUP PTY LTD	2,700,000	1.76
LODDY PTY LTD <HALL FAMILY SUPER FUND A/C>	2,500,000	1.63
MRS SHARON FAY SHEPPEARD	2,222,222	1.45
CAVAPACE PTY LIMITED	2,200,000	1.44
MR BERNARD OWEN STEPHENS + MRS ERIN JOSEPHINE STEPHENS <STEPHENS GROUP SUPER A/C>	2,053,479	1.34
ANNA CARINA PTY LTD <ANNA CARINA FAMILY A/C>	2,000,000	1.31
BRAUND INVESTMENTS PTY LIMITED <BRAUND SUPER FUND A/C>	1,918,729	1.25
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,900,000	1.24
GDE EXPLORATION (SA) PTY LTD <A1 ENGLISH FAMILY A/C>	1,539,978	1.01
TOTAL	73,502,033	47.97

Red River Resources Ltd

SHAREHOLDER INFORMATION

Twenty Largest Option holders as at 25 September 2014

There are several option holders in the company.

Mr Donald Garner holds 3,000,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 31 December 2014 (750,000), exercisable at \$0.10 with an expiry of 31 December 2015 (750,000) and exercisable at \$0.15 with an expiry of 31 December 2016 (1,500,000).

Anna Carina Pty Ltd (an associate of Mr Paul Hart) holds 1,500,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 31 December 2014 (750,000) and exercisable at \$0.10 with an expiry of 31 December 2015 (750,000).

Mr Paul Hart holds 1,500,000 unlisted options in the Company exercisable at \$0.15 with an expiry of 31 December 2016.

Amonre Holding Pty Ltd (an associate of Mr Cameron Bodley) holds 2,500,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 31 December 2014 (600,000), exercisable at \$0.10 with an expiry of 31 December 2015 (550,000) and exercisable at \$0.15 with an expiry of 31 December 2016.

The Phantom Superannuation Fund (an associate of Mr Cameron Bodley) holds 50,000 unlisted options in the Company exercisable at \$0.10 with an expiry of 31 December 2015.

Ms Elizabeth Bodley (an associate of Mr Cameron Bodley) holds 450,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 31 December 2014 (150,000), \$0.10 with an expiry of 31 December 2015 (150,000), \$0.15 with an expiry of 31 December 2016 (150,000).

Mr Glen Goulds holds 750,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 30 June 2015.

Steven Goughlan as trustee for the AO Trust holds 750,000 unlisted options in the Company exercisable at \$0.05 with an expiry of 30 June 2015.

Ms Jane Katherine Taylor (an associate of Managing Director Noel Taylor). Ms Taylor holds 2,000,000 unlisted options in the Company exercisable at \$0.10 each on or before 28 November 2017.

Shares and Options escrowed

There are no shares or options escrowed as at the 25 September 2014

Unquoted Securities

There were no unquoted securities as at 25 September 2014

Red River Resources Ltd

INTEREST IN MINING TENEMENTS

Tenement Name	Holders	Area	Grant Date	Expiry Date	Beneficial interest
WESTERN AUSTRALIA					
Kalgoorlie					
E38/2937	Forth Resources Pty Ltd	26 Blocks	10/04/2014	Appl'n	100%
E39/1797	Forth Resources Pty Ltd	63 Blocks	10/04/2014	Appl'n	100%
E38/1805	Red River Resources Limited	30 Blocks	29/04/2014	Appl'n	100%
E39/1806	Red River Resources Limited	18 Blocks	29/4/2014	Appl'n	100%
E39/1807	Red River Resources Limited	4 Blocks	29/4/2014	Appl'n	100%
E39/1808	Red River Resources Limited	1 Block	29/4/2014	Appl'n	100%
E39/1809	Red River Resources Limited	1 Block	29/4/2014	Appl'n	100%
Miaree					
E08/1350-I	Red River Resources Limited	10 Blocks	23/06/2006	22/06/2015	39.75%
E47/1309-I	Red River Resources Limited	32 Blocks	4/05/2007	3/06/2015	39.75%
E47/1707-I	Red River Resources Limited	13 Blocks	1/08/2008	31/07/2018	39.75%
Minigwal East / Minigwal West					
E39/1685	Red River Resources Limited	22 Blocks	7/09/2012	6/09/2017	100%
E39/1686	Red River Resources Limited	36 Blocks	20/03/2013	19/03/2018	100%
Laverton					
P38/4128	Red River Resources Limited	196 Hectares	23/05/2014	Appl'n	100%
P38/4129	Red River Resources Limited	169 Hectares	23/05/2014	Appl'n	100%
P38/4130	Red River Resources Limited	194 Hectares	23/05/2014	Appl'n	100%
P38/4131	Red River Resources Limited	193 Hectares	23/05/2014	Appl'n	100%
P38/4132	Red River Resources Limited	194 Hectares	23/05/2014	Appl'n	100%

For personal use only