



ACN 100 796 754

**ASX Announcement**

**ASX Code: RVR**

30 October 2014

## **Quarterly activities and Cash flow Report for the period ending 30 September 2014**

### **Highlights**

The transformation of Red River Resources Limited (“Red River” or the “Company”) gathered pace during the September quarter with the announcement of the acquisition of the Southern Region Assets (Thalanga Operations) from Kagara Ltd (in Liquidation) and Kagara Copper Pty Ltd (in Liquidation).

- Red River announced the signing of an exclusivity agreement to acquire the Thalanga Operations on 3 July 2014 and executed a sales agreement on 12 September 2014.
- A\$7.5m (before costs) was raised through a placement of 75m shares at A\$0.10 per ordinary share which was overwhelmingly approved by Red River shareholders at an Extraordinary General Meeting held on 17 September 2014.
- Mel Palancian (Chief Operating Officer) and Karl Spaleck (General Manager Operations) joined the Company during the quarter.

### **1. Thalanga Operations**

The execution of binding exclusivity agreement to acquire the Thalanga Operations from Kagara Ltd (in liquidation) and Kagara Copper Pty Ltd (in liquidation) was announced on 3 July 2014. The sales agreement executed on 12 September 2014. The total consideration payable was A\$6.5m; consisting of:

- Cash payment of A\$5.0m on sale completion;
- Deferred cash payment of A\$1.5m payable 3 months after commencement of commercial production; and a
- 1.5% NSR royalty on production from Thalanga Operations (excluding production subject to an existing third party royalty agreement)

The key attributes of the Thalanga Operations are summarised below in Table 1.

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Table 1 Thalanga Operations

Thalanga Operations	
<b>Thalanga Processing Plant</b>	<ul style="list-style-type: none"> <li>• 600 ktpa polymetallic (Cu, Pb &amp; Zn) processing facility</li> <li>• Currently on active care &amp; maintenance</li> <li>• Tailings storage facility with sufficient capacity for 5yrs + operation</li> <li>• Site offices, workshops, change facilities, grid power &amp; sealed road access</li> </ul>
<b>JORC 2004 Resource<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>• 3.8Mt @ 0.9% Cu, 2.4% Pb, 8.2% Zn, 0.6g/t Au &amp; 41g/t Ag</li> </ul>
<b>Exploration</b>	<ul style="list-style-type: none"> <li>• Approx. 190km<sup>2</sup> of ground (exploration permits and mining leases)</li> </ul>
<b>Infrastructure Advantage</b>	<ul style="list-style-type: none"> <li>• Residential workforce (source from Charters Towers)</li> <li>• 200km by sealed road to concentrate export port facility (Townsville)</li> <li>• 190km by sealed road to zinc smelter (Sun Metals – Townsville)</li> </ul>
<i>(1) Refer to Competent Persons Statement</i>	

Figure 1 Thalanga Processing Plant



Source: Red River Resources

The Southern Region Asset package is located 60km SW of Charters Towers in Central Queensland, and as part of the acquisition, Red River is acquiring three separate volcanic hosted massive sulphide (VHMS) systems (Thalanga, Liontown and Waterloo) located in the Mount Windsor Subprovince.

Table 2 Thalanga, Liontown and Waterloo Project Summary

<b>Thalanga</b>	<ul style="list-style-type: none"> <li>JORC (2004) Resources defined at West 45 and Orient</li> <li>West 45: JORC (2004) resource of 591Kt @ 8.3%Zn, 3.5%Pb, 0.6%Cu, 0.3g/t Au &amp; 69g/t Ag<sup>(1)</sup></li> <li>Orient: JORC (2004) resource of 539Kt @ 8.0%Zn, 1.8% Pb, 0.9% Cu, 0.2g/t Au &amp; 44g/t Ag<sup>(1)</sup></li> <li>Unclassified resource present in Thalanga Remnants</li> <li>Thalanga System potential at strike and depth – high priority target</li> </ul>
<b>Liontown</b>	<ul style="list-style-type: none"> <li>JORC (2004) Resource of 1.85Mt @ 7.5%Zn, 2.4%Pb, 0.6%Cu, 0.5g/t Au and 28g/t Ag<sup>(2)</sup></li> <li>Located approx. 30km east of Thalanga (direct line) and about 100km by road</li> <li>Acquired by Kagara from Liontown Resources (ASX:LTR) for A\$4.5m in Kagara shares and a deferred cash payment of A\$2.25m in December 2009</li> <li>Potential for initial open pit followed by UG development</li> </ul>
<b>Waterloo</b>	<ul style="list-style-type: none"> <li>JORC (2004) Resource of 707Kt @ 11%Zn, 1.6%Pb, 1.9% Cu, 1g/t Au and 50g/t Ag<sup>(3)</sup></li> <li>Blind deposit under tertiary cover - mineralisation open down plunge and along strike</li> <li>Mine Lease application surveyed and data collated - not submitted</li> <li>Located approx. 35km east of Thalanga (direct line) and about 95km by road</li> </ul>

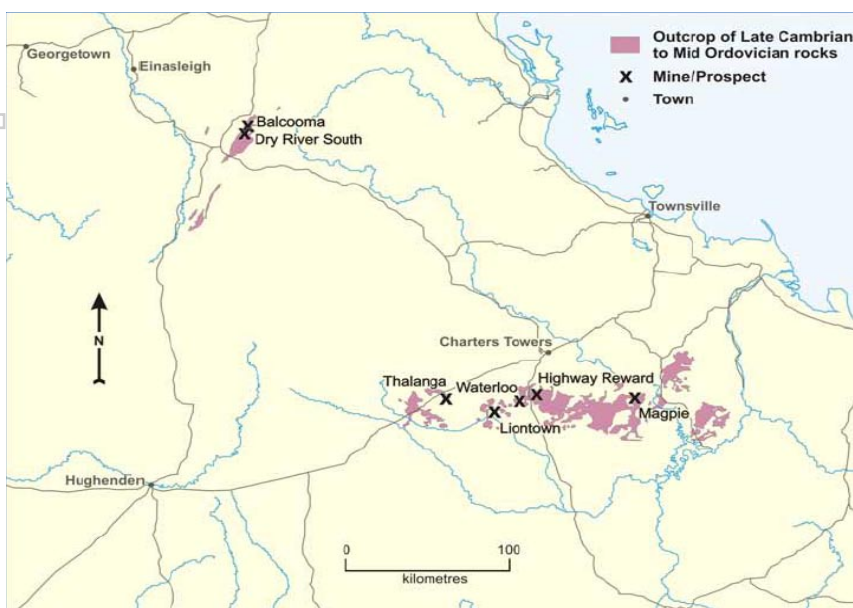
1) Refer to Kagara Ltd Annual Report 2011 released to ASX on 21 Sept 2011

2) Refer to Liontown Resources Limited ASX release dated 23 April 2008

3) Refer to Kagara Ltd Annual Report 2011 released to ASX on 21 Sept 2011

The Mount Windsor Subprovince is an east-west belt of Cambrian to early Ordovician volcano-sedimentary rocks extending for 165km in an east west direction south of Charters Towers. Multiple VHMS systems have been discovered in the Subprovince, both of a polymetallic (zinc-copper-lead) and copper dominant nature, with the most recent discovery being Waterloo in 1987.

Figure 2 Mount Windsor Subprovince



Source: Hutton & Withnall, *Depositional Systems, Crustal Structure and Mineralisation in the Thalanga Province, North Queensland*, Geological Survey of Queensland

Historical exploration (surface geochemistry, mapping and airborne electromagnetic (EM) surveying) in the Mt Windsor Belt has focussed mainly for outcropping massive sulphide deposits. Future discoveries of blind or concealed deposits in this highly mineralised belt are likely to involve bedrock drilling under cover, geological or structural targeting of extensions to previously recognised mineralised zones and utilising deep penetration induced polarisation (IP) and downhole EM to 'see through' the deep oxidised, conductive overburden.

## **2. Exploration & Project Generation Activities**

### **2.1. Stella Range**

Red River commissioned Western Mining Services (WMS) to carry out a review of the ground held by the Company in the Stella Range. WMS completed the review during the quarter, and Red River is currently planning follow up work based on the WMS review.

Red River currently holds two exploration licences in the Stella Range, and has submitted applications for a further seven exploration licences and five prospecting licences, which if granted will increase the Company's landholding from 174km<sup>2</sup> to 612km<sup>2</sup>.

No fieldwork was carried out on the Stella Range licences during the quarter.

### **2.2. Miaree Joint Venture**

The Miaree Project is comprised of exploration licences E08/1350, E47/1309 and E47/1707 (approximately 150km<sup>2</sup>). The project tenements are currently held under a joint venture between Red River and Iron Mountain Mining Ltd (Iron Mountain)(ASX:IRM). As at 30 September 2014, Red River held a 39.75% interest in the Miaree Project, and Iron Mountain held a 60.25% interest and was the joint venture manager.

As previously reported by Iron Mountain, the Miaree Project contains an independently estimated JORC Inferred Resource of 286Mt magnetite at an overall grade of 31.36% Fe<sup>(1)</sup>.

No fieldwork was carried out on the Miaree Project licences during the quarter.

*(1) Refer to Iron Mountain Quarterly Report for period ending 30 June 2014*

### 3. Corporate

#### 3.1. Placement

Red River undertook a placement of 75 million ordinary shares at A\$0.10 per share to raise A\$7.5m before costs during the quarter. The proceeds of the placement will be used primarily to pay for the acquisition costs of the Thalanga Operations.

#### 3.2. Recruitment

Red River appointed Mel Palancian as Chief Operating Officer and Karl Spaleck as General Manager Operations during the quarter.

<b>Mel Palancian</b>	<b>Chief Operating Officer</b>
<ul style="list-style-type: none"> <li>• Engineer with over 20 years experience in the mining industry</li> <li>• Prior to joining Red River was the DGM at Newcrest's Gosowong operations (Indonesia)</li> <li>• He previously held a number of senior management positions at MMG (GM Technical Services), OZ Minerals (Manager Dugald River Development) and Zinifex (Principal Adviser Mining)</li> </ul>	
<b>Karl Spaleck</b>	<b>General Manager Operations</b>
<ul style="list-style-type: none"> <li>• Metallurgist with over 20 years experience in the mining &amp; metallurgy industry</li> <li>• Prior to joining Red River was the General Manager for 2 ½ years at Newcrest's Lihir operations (PNG)</li> <li>• He previously spent 6 years at MMG's Century zinc mine (global #3 ) in Queensland, where he held a range of senior positions including Concentrate Manager Operations, Deputy GM and culminating as GM for 2 years</li> </ul>	

The Company has been fortunate to recruit senior managers with Mel and Karl's unrivalled experience in the mining sector, with specific experience at Australia's largest zinc projects and operations.

### 4. Financials – Appendix 5B

The Company's 5B highlights the quarters cash activities and other relevant financial information.

On behalf of the board



**CAMERON BODLEY**

**Director and Company Secretary**

Red River Resources Limited

End.



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For further information please visit Red River's website [www.redriverresources.com.au](http://www.redriverresources.com.au) or contact us:

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### Competent Persons Statement

The information in this release to which this statement is attached that relates to Mineral Resources is based on information reviewed by Mr Stuart Hutchin, who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Hutchin has sufficient experience in the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hutchin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC – Reserves and Resources: All Mineral Resource estimates were prepared and first disclosed under the JORC Code 2004. This information has not been update since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. For more details on the Mineral Resources disclosed by Kagara Ltd and Liontown Resources Ltd refer to the following Notes.

#### Note 1:

The information pertaining to the West 45, Orient and Waterloo mineral resources were extracted from the Kagara Limited Annual Report 2011. This report is available to view at [www.asx.com.au](http://www.asx.com.au). The information for all three resources was first disclosed by Kagara Limited under the JORC Code 2004. The estimates were conducted by Kagara and work is currently being undertaken by the Company to bring each of the mineral resources into line with the JORC Code 2012

#### Note 2:

The information pertaining to the Liontown mineral resource was extracted from the Kagara Limited Annual Report 2011. This report is available to view at [www.asx.com.au](http://www.asx.com.au). The information for the resources was first disclosed by Liontown Resources Limited under the JORC Code 2004. The estimate was conducted by Liontown Resources Limited and work is currently being undertaken by the Company to bring the mineral resource into line with the JORC Code 2012

## Appendix A – Tenement Interests

As at 30 September 2014, Red River had an interest in the following tenements and projects

Project	Location	Licence	Status	Beneficial Interest
Stella Range	Western Australia	E39/1685	Granted	100%
Stella Range	Western Australia	E39/1686	Granted	100%
Miaree	Western Australia	E08/1350	Granted	39.75%
Miaree	Western Australia	E47/1309	Granted	39.75%
Miaree	Western Australia	E47/1707	Granted	39.75%

No tenements were acquired or disposed during the quarter

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Red River Resources Limited

ABN

35 100 796 754

Quarter ended ("current quarter")

September 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(74)  (717)	(74)  (717)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	6
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(785)	(785)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(1)	(1)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(786)	(786)

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(786)	(786)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	7,500	7,500
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	120	120
1.17	Repayment of borrowings	(120)	(120)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Payments for raising capital	(463)	(463)
	<b>Net financing cash flows</b>	<b>7,037</b>	<b>7,037</b>
	<b>Net increase (decrease) in cash held</b>	<b>6,251</b>	<b>6,251</b>
1.20	Cash at beginning of quarter/year to date	426	426
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>6,677</b>	<b>6,677</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	37
1.24	Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

1.23 Directors fees paid to directors

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	500
<b>Total</b>	<b>800</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,677	426
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,677</b>	<b>426</b>

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	NIL		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL		
7.3	<b>*Ordinary securities</b>	153,229,505	153,229,505	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	75,000,000	75,000,000	\$0.10
7.5	<b>*Convertible debt securities</b> (description)	NIL		

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**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL			
7.7	<b>Options</b> (description and conversion factor)	2,000,000 1,500,000 4,449,750 2,250,000 2,250,000 4,500,000	NIL NIL NIL NIL NIL NIL	<i>Exercise price</i> \$0.10 \$0.05 \$0.10 \$0.05 \$0.10 \$0.15	<i>Expiry date</i> 28/11/2017 30/06/2015 31/12/2015 31/12/2014 31/12/2015 31/12/2016
7.8	Issued during quarter	4,449,750 2,250,000 2,250,000 4,500,000	NIL NIL NIL NIL	\$0.10 \$0.05 \$0.10 \$0.15	31/12/2015 31/12/2014 31/12/2015 31/12/2016
7.9	Exercised during quarter	NIL			
7.10	Expired during quarter	NIL			
7.11	<b>Debentures</b> (totals only)	NIL			
7.12	<b>Unsecured notes</b> (totals only)	NIL			

## Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 30 October 2014

Print name: Cameron Bodley

## Notes

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**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
  
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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