



ACN 100 796 754

ASX Announcement

ASX Code: RVR

3rd July 2014

Red River Resources enters into a binding Exclusivity Agreement with Kagara Ltd (in Liquidation)

Red River Resources Ltd (Red River or the Company) has entered into a binding Exclusivity Agreement (EA) with Kagara Ltd (in Liquidation) (Kagara) 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 key terms of the EA are:

- The Southern Region Assets are sold to Red River (subject to shareholder approval)
- The consideration payable is A\$6.5 million

The consideration is payable via:

- A cash payment of A\$3.5 million on close of the transaction.
- Issue of a Secured Convertible Note (SCN) for A\$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 SCN is at 7.5% payable in cash or shares at the option of Red River.
- A deferred cash payment of A\$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 (excluding production subject to the existing royalties payable by Kagara and Kagara Copper to a third party).

Red River has been granted exclusivity by Kagara for an initial period of one month, extendable by up to two months at Red River's option. In return Red River will pay Kagara A\$130,000 per month exclusivity fee. The EA includes standard 'no shop, no talk' clauses.

Conditions

This EA is subject to a number of conditions including:

- Kagara obtaining consent of Investec Bank (Australia) Limited;
- completion of due diligence by RVR; and
- subject to fundraising

Address: Level 6, 350 Collins Street, Melbourne, VIC, 3000

T: +61 3 9095 7775 F: +61 3 9670 5942 E: info@redriverresources.com.au

www.redriverresources.com.au



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The Red River board believes that the proposed transaction will transform the Company into an exciting new ASX listed base metals focused company.

On behalf of the board

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by a series of loops and a wavy line.

Donald Garner
Managing Director
Red River Resources Limited

End.

For further information please visit Red River's website www.redriverresources.com.au or contact us:

Donald Garner
Managing Director
dgarner@redriverresources.com.au
M: +61 438 338 496

Paul Hart
Non-Executive Director
phart@redriverresources.com.au
M: +61 421 051 474