



ACN 100 796 754

**ASX Announcement**

**ASX Code: RVR**

**17 July 2014**

## **Red River Resources progresses acquisition funding**

---

### **Highlights**

- **Acquisition of Southern Region Assets funding progressed**
- **Due diligence well advanced and nearing completion**
- **Execution of binding agreement and completion of sale and purchase expected late August 2014**

As announced to the ASX on 3 July 2014, Red River Resources (Red River or the Company) has entered into a binding Exclusivity Agreement (EA) with Kagara Limited (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. Completion of the sale and purchase is conditional on satisfaction of certain conditions precedent (including purchaser due diligence and approval of vendor financiers) and execution of a legally binding sale and purchase agreement.

The consideration payable for the Southern Region Assets is A\$6.5 million and 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 engaged Triple C Consulting Pty Ltd (Triple C) as Sole Lead Manager to the proposed capital raising associated with proposed acquisition of the Southern Region Assets. Triple C can terminate the mandate by giving the Company seven days written notice.

Triple C have advised the Company that firm commitments have been received for \$7,500,000 of new shares at an issue price of \$0.10 cents per share (New Capital Raising).

The New Capital Raising will be subject to the receipt of shareholder approval in accordance with ASX Listing Rule 7.1, and a change in the scale of the Company's activities in accordance with ASX Listing Rule 11.1.2.

It is intended that shareholder approval will be obtained at a General Meeting to be held in late August 2014.

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

**T:** +61 3 9095 7775 **F:** +61 3 9670 5942 **E:** [info@redriverresources.com.au](mailto:info@redriverresources.com.au)

[www.redriverresources.com.au](http://www.redriverresources.com.au)

## Southern Region Assets

The Southern Region Assets are located approximately 65km west-southwest of Charters Towers in North Queensland (Figure 1).

Figure 1 Southern Region Asset Location



The Southern Region Assets consist of:

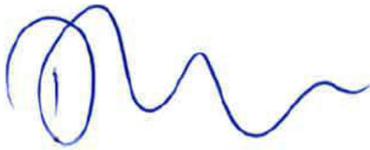
- The 600ktpa nominal capacity Thalanga processing facility, which is currently on care & maintenance. Capable of producing separate copper, lead and zinc concentrates.
- Site infrastructure at Thalanga includes a site office complex, change rooms, workshop, tailings storage facility and associated infrastructure. Site power is provided via regional grid and site access is via a sealed road.
- Current landholding (mining leases and exploration permits) of approximately 380km<sup>2</sup>.
- Historic poly-metallic (copper-lead-zinc) ore reserves and resources were disclosed by Kagara at Thalanga (West 45 and Orient), Lione town and Waterloo prior to entering administration in April 2012.

Figure 2 Thalanga Processing Facility



Upon completion of the Southern Region Asset transaction, the Company will commence a review of operations and resources. The results of such review will determine the likely timeframe for the recommencement of mining operations.

On behalf of the board



**Donald Garner**  
**Managing Director**  
Red River Resources Limited

**End.**

---

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

Donald Garner  
Managing Director  
[dgarner@redriverresources.com.au](mailto:dgarner@redriverresources.com.au)  
M: +61 438 338 496

Paul Hart  
Non-Executive Director  
[phart@redriverresources.com.au](mailto:phart@redriverresources.com.au)  
M: +61 421 051 474

Peter Sheppeard  
Managing Director  
Triple C Consulting  
[peter@tripleccc.com.au](mailto:peter@tripleccc.com.au)  
T: +61 8 9228 5999