



Placement Successfully Completed – Restart of the Thalanga Zinc Project is Now Fully Funded

Highlights:

- Heavily oversubscribed placement completed to raise \$30m
 - Restart now fully funded by existing cash of approximately \$10m and placement proceeds
 - Capital works and mine development will commence immediately
 - Ongoing mill refurbishment and rehabilitation work will be accelerated
 - Concentrate offtake discussions continue with several parties shortlisted
 - Aggressive exploration programme will continue across the Thalanga Zinc Project
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Zinc development company Red River Resources Limited (ASX: RVR) ("Red River" or the "Company") is pleased to announce that it has received commitments to raise \$30 million through a two tranche placement.

The placement proceeds, in combination with the Company's current cash balance of \$10 million, will fully fund the restart of the Thalanga Zinc Project ("Project") in Queensland (capital cost estimated at \$17.2 million), as well as providing a strong working capital balance.

Placement

The Placement will be completed in two tranches, for a total of 162.1 million new shares at a price of \$0.185 per share. The Company received strong interest from leading institutional and sophisticated investors in Australia and overseas.

Hartleys Limited was Broker to the Offer.

The first tranche of the placement will comprise approximately 76.1 million shares and settle on 7 December 2016, with the balance of the placement (86.0 million shares) to settle subject to shareholder approval, indicatively in early January 2017.

Managing Director Comment

Red River's Managing Director Mel Palancian commented: *"We are very pleased to be fully funded for the development of, and imminent production from the Thalanga Zinc Project. We have been watching the strong performance of the zinc, copper and lead prices, and the Board has taken the view that now is the right time to bring Thalanga back into production."*

"We look forward to delivering this Project in the most efficient way possible, and to generating strong cash flows."

"Our recent exploration results, including the discovery at our Lontown East prospect, have demonstrated the strong exploration potential across the Thalanga region. During the upcoming development and production phase we will continue to have a strong focus on exploration, focussing equally on extensions to known deposits as well as testing the deep pipeline of green fields targets."

1. Overview of the Thalanga Zinc Project

In November 2015, Red River released a Restart Study (the internal study prepared by Red River to assess the potential restart of the Thalanga Zinc Project), which demonstrated the highly attractive nature of the Project.

Please refer to ASX release dated 12 November 2015 for further details on the Thalanga Zinc Project Restart Study. Red River confirms that all material assumptions underpinning the production target in the ASX release dated 12 November 2015 continue to apply and have not materially changed.

The Project has a low operating cost, low pre-production capital cost (\$17.2 million), and a short timeline to production (approximately six months).

Annual average production is 21,400 tonnes of zinc, 3,600 tonnes of copper, 5,000 tonnes of lead, 2,000 ounces of gold and 370,000 ounces of silver in concentrate over an initial mine life of five years. There is outstanding extension potential, indicated by the potential for extensions to existing deposits, as well as the identification of new deposits across this under-explored region.

The Thalanga Zinc Project Restart Study is based on production from three deposits – West 45, Far West and Waterloo. The Thalanga Zinc Project Restart Study is based on low level technical and economic assessments and there is insufficient data to support the estimation of Ore Reserves at Far West and Waterloo, provide assurance of an economic development case at this stage, or provide certainty that the results from the Thalanga Zinc Project Restart Study will be realised. Further, as the production target that forms the basis of the Thalanga Zinc Project Restart Study includes Mineral Resources that are in the Inferred Category and there is a low level of geological confidence associated with Inferred Mineral Resources, there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

2. Use of Funds

The capital expenditure required to achieve first concentrate production for the Project is estimated to be \$17.2 million. Additionally, the company is required to fund deferred consideration, exploration and working capital.

Use of Funds	
Mine development at West 45 Deposit	\$5.3m
Plant Refurbishment	\$7.3m
Mine Infrastructure	\$0.3m
Capitalised Operating Costs	\$1.7m
Other Restart Costs	\$2.7m
Subtotal: Restart Capital	\$17.2m
Deferred cash consideration ¹	\$1.5m
Estimated exploration and Working Capital requirement	\$17.1m

1. Deferred cash consideration of \$1.5m payable to FTI Consulting (Kagara Limited Liquidators)

Restart capital: the capital estimates set out above are based on the findings of the Restart Study for the Project, being the internal study prepared by Red River Resources to assess the potential restart of the Project. Please refer to ASX release dated 12 November 2015 “Thalanga Zinc Project Restart Study – Revised” for further details.

3. Indicative Project Timetable

Red River will immediately begin to increase restart activities at Thalanga Operations, building on the current team undertaking refurbishment activities at the Thalanga Plant.

Mobilisation of additional plant refurbishment contractors will occur in Q1 2017, in parallel with the finalisation of the management team and the appointment of a mining contractor.

Red River also intends to conclude the ongoing discussions with a number of interested parties as regards the concentrate offtake agreement.

Based on the current indicative project timetable, production will commence at the Thalanga Zinc Project in 2H 2017, with Red River currently targeting early in that period.

Figure 1 Thalanga – Indicative Project Timetable

Thalanga – Indicative Project Timetable	Milestone	Indicative Timing
	Finalise Management Team	Q1 2017
	Concentrate Offtake Agreement	Q1 2017
	Appointment of Mining Contractor	Q1 2017
	Mobilisation of Plant Refurbishment Contractors	Q1 2017
	Plant Refurbishment Completed	Q3 2017
	Commencement of Production	2H 2017

4. Refurbishment of Processing Plant

Red River has commenced refurbishment works at the 650ktpa Thalanga Processing Plant (“Plant”) in November 2016 (refer to ASX release titled “Update Regarding Thalanga Processing Plant Refurbishment” dated 23 November 2016). The proceeds of the placement will be used to accelerate the Thalanga Processing Plant refurbishment and rehabilitation process.

Figure 2 Thalanga Processing Plant



Major refurbishment/repair work to be completed includes the following:

- Larox vertical concentrate filter press refurbishment
- Complete refurbishment and commissioning of ball mill and crushing circuit
- Electrical equipment and instrumentation refurbishment and commissioning
- Check and replace/repair all pumps and electrical motors
- Multi stream analyser (MSA) refurbishment and commissioning
- Order spares and restock consumable stores

Red River will provide ongoing updates on its progress and anticipates that this work will be finalised late by early Q3 2017.

5. Mine Development

The Thalanga Zinc Project Restart is based on mining three deposits, West 45, Far West and Waterloo. The proceeds of the placement will be used to accelerate the development of West 45, finalise the design and commence initial development of Far West and also commence activities at Waterloo.

Red River has recently engaged AMC Consultants (“AMC”) to provide geotechnical design input and advice for the Thalanga Zinc Project, and AMC recently completed a site visit to finalise the design of a number of geotechnical drill holes to support the location and design of a number of the West 45 vent rise/second egress, the Far West portal and also the Far West vent rise/second egress.

5.1. West 45

West 45 is Red River’s most advanced underground mine, and is located approximately 1.4km (refer to Figure 4) from the Thalanga Processing Plant ROM pad on a mining lease. The initial development was completed in 2012 and comprises of a 550m decline and the top level of development into the West 45 orebody.

Figure 3 Portal at West 45 deposit



Figure 4 Top Level of the Orebody at West 45



Table 1 West 45 Ore Reserve Estimate ⁽¹⁾

Classification	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag g/t	Zn Eq. %
Proved	-	-	-	-	-	-	-
Probable	421	0.5%	3.6%	8.3%	0.3	72	15.0
Total	421	0.5%	3.6%	8.3%	0.3	72	15.0

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding

(1) Refer to ASX Announcement dated 12 November 2015 “Thalanga Zinc Project Re-Start Study – Revised”

The Competent Persons statement is provided under the Competent Persons section at the end of this release.

Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Table 5 of this announcement. It is Red River’s opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold

Table 2 West 45 Mineral Resource Estimate ⁽²⁾

Classification	Tonnage (kt)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Zn Eq. (%)
Measured	-	-	-	-	-	-	-
Indicated	585	0.6	3.6	8.3	0.3	70	15.3
Inferred	6	0.9	0.8	3.7	0.1	15	7.8
Total	591	0.6	3.5	8.3	0.3	69	15.2

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding
(2) Refer to ASX Announcement dated 11 February 2015 "Thalanga Project – Updated Mineral Resource Estimate"
The Competent Persons statement is provided under the Competent Persons section at the end of this release.
Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Table 5 of this announcement. It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold

5.2. Far West

The proposed location of the Far West portal is approximately 500m (refer to Figure 4) from the Thalanga Processing Plant ROM pad on a mining lease.

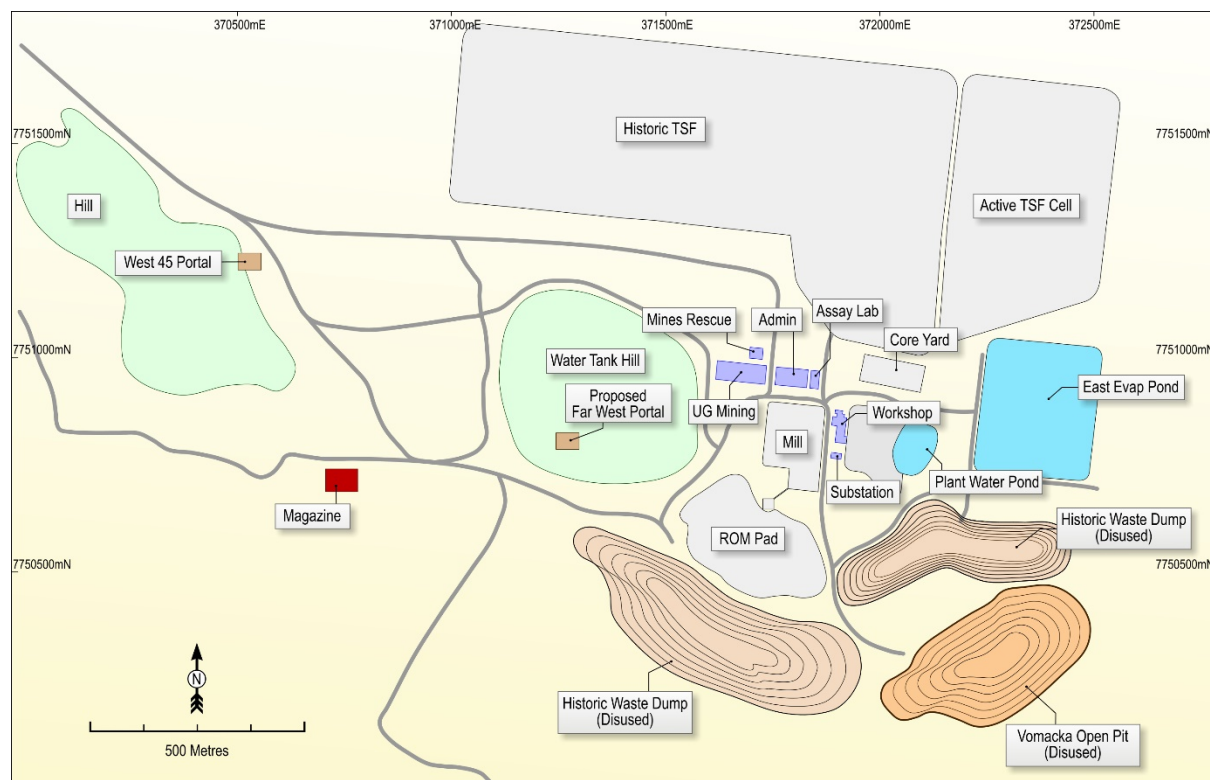
Red River recently announced an upgraded JORC 2012 Mineral Resource estimate for the Far West deposit (refer to ASX release titled "Red River Increases Far West Mineral Resource by 42% to 1.6Mt @ 14.9% Zinc Equivalent", dated 16 May 2016). Red River then commenced a staged program of infill drilling and resource extension drilling at Far West to support the conversion of Inferred Resources to Indicated Resources and also to seek to increase the overall Resource Estimate.

Table 3 Thalanga Far West Mineral Resource Estimate ⁽³⁾

Classification	Tonnage (kt)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Zn Eq. (%)
Measured	81	1.5	1.3	4.6	0.2	30	11.3
Indicated	691	1.6	1.7	5.5	0.3	44	13.4
Inferred	873	1.9	2.3	6.6	0.2	63	16.5
Total	1,645	1.7	2.0	6.0	0.2	53	14.9

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding
(3) Refer to ASX Announcement dated 16 May 2016 "Increase in Far West Mineral Resource of 42% to 1.6Mt"
The Competent Persons statement is provided under the Competent Persons section at the end of this release.
Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Table 5 of this announcement. It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold

Figure 5 West 45 Portal Location and Proposed Location of Far West Portal



5.3. Waterloo

Waterloo is located approximately 110km (Figure 5) from the Thalanga Processing Plant (by predominately sealed roads). Waterloo is currently Red River's highest grade deposit, with a total Mineral Resource of 707kt @ 19.1% Zn Eq. (refer to Table 4).

Figure 6 West 45 Portal Location and Proposed Location of Far West Portal

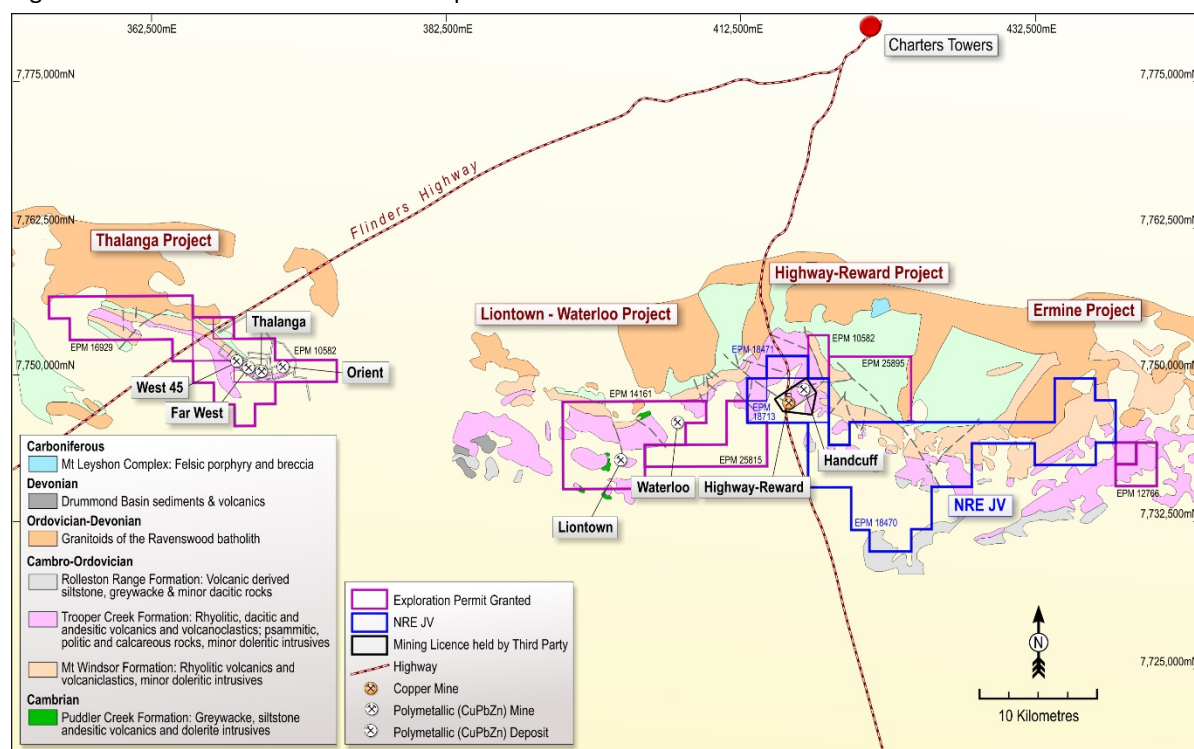


Table 4 Waterloo Mineral Resource Estimate ⁽⁴⁾

Classification	Tonnage (kt)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (g/t)	Zn Eq. (%)
Transition							
Indicated	97	3.2	2.4	14.5	1.6	78	21.7
Inferred	69	0.8	1.1	6.4	0.4	24	7.8
Subtotal	166	2.2	1.9	11.1	1.1	55	15.9
Fresh							
Indicated	309	2.5	2.0	13.0	1.3	65	25.5
Inferred	232	0.9	0.8	8.3	0.4	28	13.0
Subtotal	541	1.8	1.5	11.0	0.9	49	20.1
Total	707	1.9	1.6	11.0	0.9	50	19.1
Oxide							
Inferred	55	0.2	2.3	0.1	3.7	15	-
<p><i>Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding</i></p> <p><i>(4) Refer to ASX Announcement dated 24 April 2015 "Waterloo Deposit – Updated Mineral Resource Estimate"</i></p> <p><i>The Competent Persons statement is provided under the Competent Persons section at the end of this release.</i></p> <p><i>Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Table 5 of this announcement. It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold</i></p>							

Waterloo is located on EPM14161, and Red River has commenced the application process for a mining lease over the Waterloo deposit.

6. Other Preparatory Items for Restart

6.1. Mining Contractor

It is Red River's intention to engage a mining contractor to undertake mining operations at West 45. To this end, Red River has shortlisted a number of contractors who have undertaken a site visit to Thalanga and submitted a detailed tender document. Red River intends to award the West 45 Mining Contract shortly, and will seek to mobilise the contractor to Thalanga as soon as possible to commence preparatory work.

6.2. Concentrate Offtake Agreement

Red River has entered into discussion with multiple parties (concentrate traders, smelters) as regards the copper, lead and zinc concentrate produced from the Thalanga Zinc Project. A number of these parties have been shortlisted, and have entered into detailed negotiations with Red River. Red River will keep the market informed as to any material developments.

As part of any offtake deal, RVR would seek to put in place a working capital facility to cover short-term capital and cash management needs at the Thalanga Zinc Project during the upcoming commissioning/ramp-up phase and during ongoing operations.

On behalf of the Board,

Mel Palancian
Managing Director
Red River Resources Limited

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Competent Person's Statement – Resources

The information in this report that relates to the estimation and reporting of the Far West, West 45, and Waterloo Resources is based on and fairly represents, information and supporting documentation compiled by Mr Stuart Hutchin who is a Member of The Australasian Institute of Mining and Metallurgy, Member of the Australian Institute of Geoscientists and a full time employee of Mining One Consultants Pty Ltd. Mr Hutchin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Competent Person's Statement - Reserves

The information in this report that relates to the estimation and reporting of the West 45 Ore Reserves is based on and fairly represents, information and supporting documentation compiled by Mr Mel Palancian who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Red River Resources. Mr Palancian has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Zinc Equivalent Calculation

The zinc equivalent (ZnEq) calculation takes into account mining costs, milling costs, recoveries, payability (including transport, smelting and refining charges) and metal prices in generating a zinc equivalent value for copper (Cu), lead (Pb), zinc (Zn), gold (Au) and silver (Ag).

Zn equivalent formula utilised for the individual deposits is as per Table 5.

Metal prices used in the zinc equivalent calculation are: Copper (US\$ 3.00/lb), Lead (US\$0.90/lb), Zinc (US\$1.00/lb), Gold (US\$1,200/oz) and Silver (US\$17.00/oz).

It is the view of Red River Resources that all the metals within this formula are expected to be recovered and sold.

Table 5 Zinc Equivalent Calculation Factors

Zinc Equivalent Calculation Factors								
			West 45, Thalanga Far West, Orient & Lione town		Waterloo		Waterloo	
			Fresh Resource		Fresh Resource		Transition Resource	
Metal	Price	Units	Recovery	Zn Eq. Factor	Recovery	Zn Eq. Factor	Recovery	Zn Eq. Factor
Copper	US\$/lb	US\$3.00	80%	3.3	80%	3.4	58%	2.5
Lead	US\$/lb	US\$0.90	70%	0.9	70%	0.75	0%	0.0
Zinc	US\$/lb	US\$1.00	88%	1.0	88%	1.0	76%	0.84
Gold	US\$/oz	US\$1,200	15%	0.05	50%	0.5	30%	0.4
Silver	US\$/oz	US\$17.00	65%	0.025	65%	0.025	58%	0.01