



Thalanga Zinc Project – May Progress Update

Near-term zinc producer Red River Resources Limited (ASX: RVR) (“Red River” or the “Company”) is pleased to provide a construction update at its Thalanga Zinc Project in Queensland, where it expects to undertake commissioning in Q3 2017 and restart commercial production in Q4 2017.

Plant & Infrastructure Refurbishment

Thalanga plant and site rehabilitation and restart activities continued during May with the following undertaken:

- Compressors and compressed air receivers commissioned and tested, all lines repaired and leak tested;
- Primary and secondary crushers were successfully run;
- Roof and structural repairs started on the fine ore bin; and
- Feeders and structural replacement started underneath fine ore bin, and continuing.

Operational Readiness

- Maintenance management system implemented across site, and will assist in the scheduling of the restart and commissioning activities, preventative maintenance planning and inventory control;
- Appointment of key operating personnel continues;
- Larox concentrate filter press testing completed, control system commissioned, continue to change out worn components; and
- All overhead gantry cranes commissioned and statutory inspections completed.

West 45

- 231m of underground development completed with the decline development (64m) taking priority;
- Approximately 7,000 tonnes of development ore delivered to ROM pad, primarily from Level 956 eastern and western ore drives;
- Raise bore completed the egress raise, and work commenced on the return air raise (RAR) pad to be ready for the mobilisation of the RAR raise borer in early June; and
- Eighteen 300mm diameter drill holes, 19m deep, were drilled and filled with reinforcing and high strength concrete to ensure geotechnical integrity of the top 15m of the RAR, and the concrete pad completed.

1. Thalanga Plant and Site

The Thalanga Plant is designed for a nominal throughput of 650ktpa, using standard industry technology to produce saleable copper, lead and zinc concentrates via flotation. The plant flowsheet is summarised as:

- Crushing circuit (three-stage crushing circuit);
- Milling circuit (primary (x1) and secondary ball mill (x2) circuit);
- Concentrate flotation circuit (differential copper, lead and zinc flotation circuits);
- Concentrate thickening and filtration;
- Regrind circuit;
- Concentrate storage, blending and transport; and
- Sub-aqueous disposal of tailings to fully permitted Tailings Storage Facility (“TSF”) with sufficient existing capacity for currently planned operations.

The Thalanga Plant is fully permitted. The plant is forecast to restart commercial production in Q4 CY2017.

Figure 1 Thalanga Plant and Processing Infrastructure



1.1. Plant & Infrastructure Refurbishment

Significant progress was made during the period, as the rehabilitation and restart activities at the Thalanga Plant and site continued. Major items completed during the period included:

- Compressors and compressed air receivers commissioned and tested, all lines repaired and leak tested;
- Primary and secondary crushers run successfully without any issues, continue with commissioning;
- Roof and structural repairs started on the Fine Ore bin; and
- Feeders and structural replacement underneath fine ore bin.

At the end of May, approximately 50% of the outstanding tasks to finish the refurbishment of the plant and infrastructure had been completed. The plant is on schedule to commence commissioning activities in Q3 CY2017.

Figure 2 Roof sheeting being removed to inspect Fine Ore Bin top support structure



1.2. Operational Readiness

The Thalanga site team continued to focus on increasing the operational readiness of Thalanga during the period. Key work completed included:

- Maintenance management system implemented across site, and will assist in the scheduling of the restart and commissioning activities, preventative maintenance planning and inventory control;
- Appointment of key operating personnel continues;
- Larox concentrate filter press testing completed, control system commissioned, continue to change out worn components; and
- All overhead gantry cranes commissioned and statutory inspections completed.

Figure 3 Larox concentrate filter press



2. West 45

The West 45 deposit is located 1.7km west of the Thalanga Plant and is ~1.4km by unsealed road from the portal to the run of mine (ROM) ore pad. Development and mining activities at West 45 continued during the period.

Activities during the period included:

- 231m of underground development was completed with the decline development (64m) taking priority;
- Approximately 7,000 tonnes of development ore was delivered to the ROM pad, primarily from Level 956 Eastern and Western Ore Drives;
- Raise bore completed the egress raise, and work commenced on the Return Air Raise (RAR) pad to be ready for the mobilisation of the RAR raise borer in early June;
- Escape ladderway arrived on site – installation commenced at egress raise; and
- Eighteen 300mm diameter drill holes, 19m deep, were drilled and filled with reinforcing and high strength concrete to ensure geotechnical integrity of the top 15m of the RAR, and the concrete pad completed.

Figure 4 Charging face in West 45 with explosives prior to blasting



During the period, the raise borer completed the egress raise (98.2m vertical height), which will be used as an alternative to exit the West 45 underground working should the main access to the mine be closed off. The pilot hole was drilled through to the access way underground, the reamer was attached and the hole was reamed out at a diameter of 1.5m.

Figure 5 Raise borer reaming up hole prior to break through



Figure 6 Raise bore breaking through at egress raise



Figure 7 Commencement of installation of escape ladderway at egress raise



The construction of the Return Air Raise (RAR) pad commenced with the RAR raise bore pad on schedule to be completed at the start of June when the RAR raise borer will be mobilised to site.

Figure 8 Drill rig drilling 300mm pilings around RAR shaft



Figure 9 Pilings grouted and reinforced



Figure 10 RAR formwork completed



Thalanga Zinc Project Background

Red River released a Restart Study (the internal study prepared by Red River to assess the potential restart of the Thalanga Zinc Project) in November 2015, which demonstrated the highly attractive nature of the Project. The Project has a low operating cost, low pre-production capital cost (\$17.2 million), and a short timeline to production (six months).

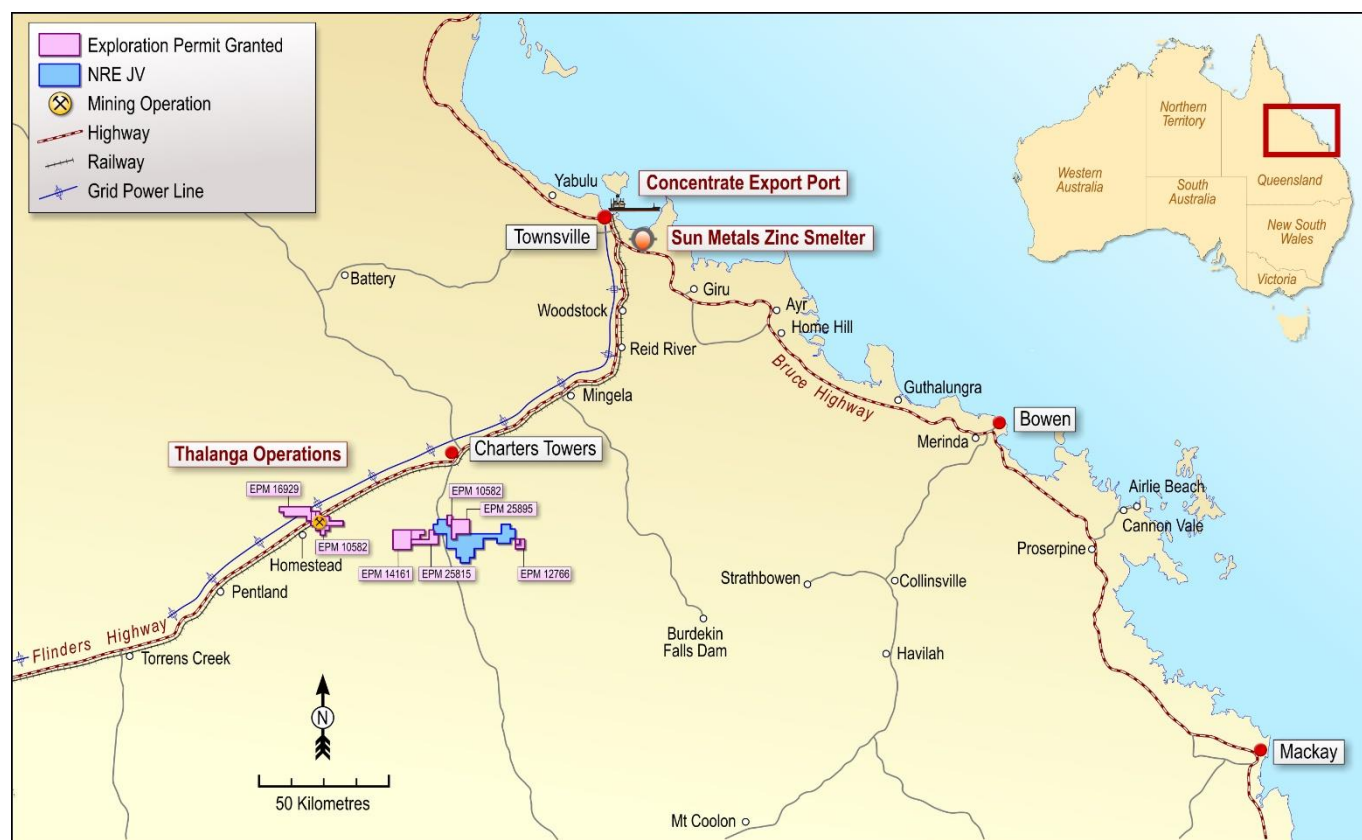
Annual average production is 21,400 tonnes of zinc, 3,600 tonnes of copper, 5,000 tonnes of lead, 2,000 ounces of gold and 370,000 ounces of silver in concentrate over an initial mine life of five years, and there is outstanding extension potential.

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 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.

Figure 11 Thalanga Zinc Project Location



On behalf of the Board,

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