



Grant of Incentive Options to Thalanga Site Management Team

Near-term zinc producer Red River Resources Limited (ASX: RVR) ("Red River" or the "Company") is pleased to announce that the Directors of Red River have granted 7.1 million Incentive Options ("Options") to key members of the Thalanga Site Management Team. The unlisted Options are exercisable at a price of 30 cents each and vest on 1 July 2020 (Vesting Date) and are subject to various Terms and Conditions (refer to attached 3B). Once Vested, the Options must then be exercised before 30 June 2022 (Expiry Date).

Red River's Managing Director Mel Palancian commented: *"The grant of incentive options to key members of the Thalanga Site Management Team in part recognises their achievements to date, and also further incentivises the team to deliver on the potential of the Thalanga Zinc Project".*

For clarity, none of these options have been granted to the Board or the executive management.

On behalf of the Board,

Mel Palancian
Managing Director
Red River Resources Limited

For further information, please visit Red River's website or contact:

Mel Palancian
Managing Director
mpalancian@redriverresources.com.au
D: +61 3 9095 7775

Nathan Ryan
NWR Communications
nathan.ryan@nwrcommunications.com.au
M: +61 420 582 887

Rule 2.7, 3.10.3, 3.10.4, 3.10.5 Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

RED RIVER RESOURCES LIMITED

ABN

35 100 796 754

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Thalanga Incentive Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Thalanga Incentive Options – 7,100,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <div>Thalanga Incentive Options -</div> <ul style="list-style-type: none">• Vesting Date: 1 July 2020• Expiry Date: 30 June 2022• Exercise Price: \$0.30 per Option |

+ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Upon Exercise, Ordinary shares will rank equally with fully paid ordinary shares on issue.</p>
5	Issue price or consideration	7,100,000 Thalanga Incentive Options – Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	As part of the Incentive Program for the Thalanga Site.
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	27 October 2016
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	7,100,000
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	Nil

⁺ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 63,731,883 7.1A – 47,221,255	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	1 September 2017	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 472,212,553	+Class Fully Paid Ordinary Shares.

		<table><tr><th>Number</th><th>+Class</th></tr><tr><td>2,000,000</td><td>Options exercisable at \$0.10 each on or before 28 November 2017</td></tr><tr><td>12,583,492</td><td>Options exercisable at \$0.15 each on or before 16 December 2017</td></tr><tr><td>3,375,000</td><td>Options exercisable at \$0.15 each on or before 16 December 2017</td></tr><tr><td>511,909</td><td>Options exercisable at \$0.15 each on or before 16 December 2017</td></tr><tr><td>2,250,000</td><td>Options exercisable at \$0.12 each on or before 16 December 2019</td></tr><tr><td>7,100,000</td><td>Options exercisable at \$0.30 each on or before 30 June 2022</td></tr></table>	Number	+Class	2,000,000	Options exercisable at \$0.10 each on or before 28 November 2017	12,583,492	Options exercisable at \$0.15 each on or before 16 December 2017	3,375,000	Options exercisable at \$0.15 each on or before 16 December 2017	511,909	Options exercisable at \$0.15 each on or before 16 December 2017	2,250,000	Options exercisable at \$0.12 each on or before 16 December 2019	7,100,000	Options exercisable at \$0.30 each on or before 30 June 2022
Number	+Class															
2,000,000	Options exercisable at \$0.10 each on or before 28 November 2017															
12,583,492	Options exercisable at \$0.15 each on or before 16 December 2017															
3,375,000	Options exercisable at \$0.15 each on or before 16 December 2017															
511,909	Options exercisable at \$0.15 each on or before 16 December 2017															
2,250,000	Options exercisable at \$0.12 each on or before 16 December 2019															
7,100,000	Options exercisable at \$0.30 each on or before 30 June 2022															
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable)															
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A														

Part 2 - Pro rata issue

Not Applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

⁺ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

+ See chapter 19 for defined terms.



Sign here:
(Company secretary)

Date: 4 September 2017

Print name: ...CAMERON BODLEY.....

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	282,438,852 – 26 August 2016
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	719,500 - Option Exercise (Ex Rule 7.2) 33,177,591 - SH Approved 2 Sep 2016 22,118,394 - SH Approved 2 Sep 2016 19,679,015 – SH Approved 2 Sep 2016 1,195,262 - Option Exercise (Ex Rule 7.2) 200,000 - Option Exercise (Ex Rule 7.2) 295,000 – Option Exercise (Ex Rule 7.2) 333,476 – Option Exercise (Ex Rule 7.2) 1,500,000 – Option Exercise (Ex Rule 7.2) 1,100,000 – Option Exercise (Ex Rule 7.2) 45,729,166 – SH Approved 6 Jan 2017) 30,370,834 – SH Approved 6 Jan 2017) 86,062,162 – SH Approved 6 Jan 2017) 346,429 – Option Exercise (Ex Rule 7.2) 1,488,095 – Option Exercise (Ex Rule 7.2) 50,000 – Option Exercise (Ex Rule 7.2) 104,762 – Option Exercise (Ex Rule 7.2)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	472,212,553
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>

+ See chapter 19 for defined terms.

Multiply “A” by 0.15	70,831,883
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	7,100,000 – Thalanga Incentive Options
“C”	7,100,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	70,831,883
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	7,100,000
Total [“A” x 0.15] – “C”	<p>63,731,883</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	472,212,553
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	47,221,255
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	-
“E”	-

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	47,221,255
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	47,221,255 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Terms and Conditions of Options

1. If the Company receives a valid application for Options from an employee or director (**Eligible Participant**) or their nominee, pursuant to the Offer (**Applicant**), the Company may grant the Applicant (**Option Holder**) Options on these terms and conditions.
2. The Options shall be issued for no consideration.
3. The exercise price of each Option is \$0.30 (**Exercise Price**).
4. Each Option provides the Option Holder the right to be issued one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.
5. Subject to clause 6, an Option may be exercised at any time from 12:00am on 1 July 2020 (**Vesting Date**) until 5:00pm AEST 30 June 2022 (**Expiry Date**), by the Option Holder delivering to the Company:
 - (a) written notice stating that the number of Options it wishes to exercise; and
 - (b) a cheque made out in the name of the Company for the aggregate Exercise Price for all of the Options to be exercised.
6. If, prior to the Vesting Date, an Option Holder or an Option Holder's Eligible Participant ceases to be an employee of Cromarty Resources Pty Ltd or a Related Body Corporate (as that term is defined in the Corporations Act):
 - (a) as a result of the death or permanent disability of that Eligible Participant, the Options that have become exercisable can be exercised by that Option Holder or, if the Option Holder is the Eligible Participant, the person's legal personal representative no later than the later of:
 - i. the date that is 6 months after the cessation of the Eligible Participant's employment; and
 - ii. such other date as the Company's board of directors determines (in its absolute discretion),and will lapse immediately thereafter; and
 - (b) for any reason other than that described in clause 6(a), the Options will immediately lapse.
7. The Options will expire at 5:00pm AEST on the Expiry Date unless exercised earlier.
8. Upon the valid exercise of an Option, the Company will issue one Share to the Option Holder, which Share shall rank *pari passu* with the issued Shares as at that date.
9. The Option Holder does not have any right to participate in any new issue of securities in the Company offered to Shareholders generally. The Company will, where required by the ASX Listing Rules, provide the Option Holder with notice prior to the record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
10. The Option Holder does not participate in any dividends unless the Options are exercised and the resultant Shares are issued, prior to the record date to determine entitlements to the dividend.
11. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Options, the Exercise Price of the Options (or both), will be reconstructed (as appropriate) in a manner required by the ASX Listing Rules (as applicable at the time of reconstruction), but with the intention that such

reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and

- (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
12. If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Option;
 O = the old exercise price of the Option;
 E = the number of underlying securities into which one Option is exercisable;
 P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
 S = the subscription price for a security under the pro rata issue;
 D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
 N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

13. If there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.
14. The terms of the Options shall only be varied if holders of Shares approve such a variation. However, the terms of the Options shall not be varied to reduce the Exercise Price, increase the number of Options or change any period for the exercise of the Options.
15. The Company will not apply for variation of the Options to be listed on the ASX.
16. The Options are not transferable, except with the prior written consent of the Company, which it may withhold at its absolute discretion.