



ACN 100 796 754

ASX Announcement

25 October 2018

ASX Code: RVR

2018 AGM – Chairman’s Address

Dear Fellow Shareholder,

I am pleased to open the 2018 Annual General Meeting for Red River Resources Limited and to look back on a year where our Company successfully completed the transformation into a leading ASX listed base metal producer.

This transformation marked the culmination of over three years hard work, beginning with the acquisition of the Thalanga Operation in July 2014, to September 2017, when the first ore was processed and the production of zinc, lead and copper concentrate commenced. Commercial production being declared in 31 December 2017 and our production restart was achieved ahead of schedule and approximately one million dollars under budget.

Red River finalised a three year fixed tonnage zinc and lead concentrate offtake agreement with Trafigura, one of the world’s largest physical commodity trading groups. Trafigura also agreed to make available a US\$10 million facility to assist, if required, with the costs of production and general working capital expenses. This facility remained undrawn as at the year end.

West 45 mine production for the period was 248kt ore @ 9.2% Zinc Equivalent and the Thalanga Mill processed 228kt ore @ 10.0% Zinc Equivalent to produce approximately 17,000 dry metric tonnes of zinc concentrate, 7,000 dry metric tonnes of lead concentrate and 1,500 dry metric tonnes of copper concentrate. Mine production reached a record level of 84kt ore in the final quarter of the period (annualised rate of ~340ktpa), above the forecasts in the Thalanga Restart Study.

With the successful start of production at Thalanga, we have started a systematic review of opportunities which will allow us to grow Red River in line with our primary goal of delivering prosperity through lean and clever resource development to generate significant value for our shareholders.

We will seek to organically grow production at Thalanga with the key objective being to increase the Ore Reserve base at the Thalanga Operation to enable full utilisation of the Thalanga Mill and to extend the overall life of the Operations.

To this end, during the period, Red River invested \$6.9 million in exploration activities and completed over 42,000m of drilling across our exciting portfolio of projects in tenements at Thalanga, focusing on increasing Mineral Resources and Ore Reserves at our current projects and to find the next generation of deposits within the region.

Highlights of the year were continued positive drilling results at our exciting Liontown East discovery, the announcement of a maiden Ore Reserve of 1.5Mt @ 12.0% Zinc Equivalent at Far

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West, and an updated Ore Reserve of 0.6Mt @ 11.6% Zinc Equivalent at West 45. Together, the West 45 and Far West Ore Reserves plus our highly attractive Waterloo project underpin an operational life of at least seven years for the Thalanga Operations.

A maiden Mineral Resource of 1.5Mt @ 12.2% Zinc Equivalent at Lioneast was announced subsequent to the year end, demonstrating the potential to further extend the life of Thalanga Operations.

We have been successful in expanding our land holding in the highly prospective region surrounding Thalanga through application and also consolidating our existing holdings with the acquisition of our Joint Venture partner (NRE), who held a minority interest in a number of tenements.

Red River awarded the underground mining contract for Far West, our second underground mine, to PYBAR Mining Services Pty Ltd and the development commenced in May, with ore production scheduled to commence in early 2019.

Drilling activities at Waterloo commenced during the period, with the objective of delivering an updated Mineral Resource and Ore Reserve in 2019, allowing production to be started at Red River's highest grade deposit. Waterloo is on schedule to be the third mine brought into production by Red River.

We also seek to grow Red River beyond the Thalanga region, adding strength and reducing risk through the diversification of the Company to become a multiple asset operating company with increasing exposure to copper and precious metals.

To this end, we continue to seek high quality acquisition opportunities within the sector, which will meet and surpass our internal requirements and allow us to deliver material value for our shareholders. We have reviewed a number of opportunities but as of yet, we have not found an opportunity of sufficient quality and potential.

With the start of production, we were pleased to secure the services of Rod Lovelady as Chief Financial Officer. Rod brings over 25 years of operational experience working in management, finance and commercial roles within ASX listed and unlisted mining and energy companies, having previously worked with major base metals producers including Mount Isa Mines Limited, Pasminco Limited, Zinifex Limited, OZ Minerals Limited and MMG Limited.

Mr Lovelady replaces Mr Cameron Bodley who has been a key member of the team that successfully brought Thalanga back into production. Mr Bodley remains as Company Secretary.

During the year, Non-executive Director Paul Hart resigned from the Red River Board after a period of 4 years with the Company. Paul played a pivotal role in the development and transformation of Red River, joining the Board in March 2014 and guiding the implementation of a new strategy that led to the acquisition of the Thalanga Project in July 2014. Paul's hard work and dedication was key to Red River achieving its strategic goals and the successful restart of production at Thalanga.

On behalf of all Shareholders, I would like to sincerely thank Paul for his exceptional contribution to Red River, and wish him the very best for his future.



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I would like to extend my thanks to the Red River team of staff and contractors, ably led by our Managing Director Mel Palancian and the Thalanga Operations General Manager Karl Spaleck, for their hard work over the past year resulting in the successful start of production at Thalanga ahead of schedule and under budget.

Red River's balance sheet remains debt free, and as at year end we had a cash balance of \$20.2 million plus financial assets of \$8.8 million (cash backed security bond deposits) and also an undrawn working capital facility of US\$10 million. The coming year will be an exciting one for Red River as we ramp up production at Thalanga, with our second mine, Far West, scheduled to commence production in early 2019 and we continue to explore our ground for new and larger opportunities. I look forward to sharing the journey with you.

Brett Fletcher
Non-Executive Chairman,
Red River Resources Limited