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# 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  | 2019 Performance Rights  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 2019 Performance Rights – 2,405,643  |
| 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) | See the Annexure to this announcement, together with the terms described in this announcement. |

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+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	<p>No.</p> <p>Only when vested will they rank equally with fully paid ordinary shares on issue.</p>
	<p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>Pursuant to shareholder approval of resolutions 4 and 5 at the general meeting of the Company on 25 October 2018.</p> <p>And</p> <p>In accordance with the Company's Performance Rights Plan as approved by Shareholders at the general meeting of the Company on 27 October 2016.</p>
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?	Yes
	If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	25 October 2018
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
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)	1,033,673 25 October 2018				
6f	Number of +securities issued under an exception in rule 7.2	1,371,970 (Ex 9(b))				
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 – 73,489,800 7.1A – 48,993,200				
7	<p>+Issue dates</p> <p>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.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	21 December 2018				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="790 1388 1085 1422">Number</th> <th data-bbox="1085 1388 1375 1422">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="790 1422 1085 1456">489,932,000</td> <td data-bbox="1085 1422 1375 1456">Fully Paid Ordinary Shares.</td> </tr> </tbody> </table>	Number	+Class	489,932,000	Fully Paid Ordinary Shares.
Number	+Class					
489,932,000	Fully Paid Ordinary Shares.					

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	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
	3,084,744	2017 Performance Rights
	2,737,146	2018 Performance Rights
	2,405,643	2019 Performance Rights
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

*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

+ See chapter 19 for defined terms.

- 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.

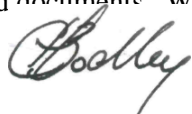
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) 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.



Sign here: .....  
(Company secretary)

Date: 24 December 2018

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

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+ See chapter 19 for defined terms.

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+ 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

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	489,932,000 – 21 December 2017
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	489,932,000
<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	<b>73,489,800</b>

+ See chapter 19 for defined terms.

**Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used**

<p><b>Insert</b> 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"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<p><b>“C”</b></p>	-

**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>	73,489,800
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	-
<p><b>Total</b> [“A” x 0.15] – “C”</p>	<p style="text-align: center;">73,489,800</p> <p style="text-align: center;"><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.



## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	489,932,000
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	48,993,200
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>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</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>“E”</b>	-

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	48,993,200
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	-
<b>Total</b> [“A” x 0.10] – “E”	48,993,200 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.

## **Annexure A – Performance Rights Plan Summary**

The objective of the Plan is to provide an incentive to key employees of RVR to drive continuing improvement in RVR's performance and to provide those employees with the opportunity to acquire an ownership interest in RVR.

### **1. Eligibility**

The Board may issue Performance Rights to any director, senior executive, or other employee (full or part time). The Board must have regard to the Employee's contribution to the business, the length of the period of employment of the Employee, the Employee's potential contribution to the business, and any other matters the Board considers relevant. Performance Rights may be held by the Employee directly, or by any entity nominated by the Employee.

### **2. Performance Conditions**

The Board may make vesting of Performance Rights conditional upon Performance Conditions, and the Board may also waive any existing Performance Conditions if they see fit, subject to the Listing Rules and the law.

### **3. Maximum Number of Performance Rights**

The Board will ensure that the number of Performance Rights offered to Employees over a 3-year period does not exceed 5% of the Company's issued Shares, unless that issue does not require disclosure in reliance on another exception to the Corporations Act or is made pursuant to a prospectus.

### **4. Entitlement**

Each Performance Right entitles the holder to one fully-paid Ordinary Share, which shall rank equally with all other fully paid shares on and from the date of issue.

### **5. Vesting**

A Performance Right vests when the Board determines that the applicable Performance Conditions have been wholly or partially satisfied, or are waived.

### **6. Exercise**

Performance Rights are exercised automatically upon vesting and the Company must issue the corresponding Shares within 30 days.

## **7. Lapse**

Performance Rights will lapse upon any of the following events:

- 7.1 the Expiry Date is reached and the Performance Conditions are not satisfied;
- 7.2 the Performance Rights are transferred or an attempt is made to transfer them to another entity, without the approval of the Board;
- 7.3 an Employee voluntarily resigns;
- 7.4 an Employee's employment is terminated because of death, total and permanent disability, bona fide redundancy, or any other matter approved by the Board, unless the Board deems some or all of the unvested Performance Rights to vest;
- 7.5 the Employee's employment is terminated because of fraud, dishonesty, breach of obligations, or otherwise for cause; and
- 7.6 a date is reached which is six months after an event described in paragraph 8 below.

## **8. Change of control and reconstruction**

Notwithstanding the other conditions, the Board may declare that some or all unvested Performance Rights vest if any of the following circumstances arise:

- 8.1 a Change of Control event has occurred, or is likely to occur, and the Board considers that the Employee's pro-rata performance is satisfactory, which includes:
  - (a) an offeror acquiring voting power of greater than 50% in the Company where, prior to a takeover bid, they held less than 50%;
  - (b) shareholders approve a compromise or arrangement pursuant to section 411 of the Corporations Act; or
  - (c) there is a selective capital reduction approved by Shareholders that results in a shareholder acquiring voting power of greater than 50% in the Company where they previously held less than 50%;
- 8.2 any person or corporation has a Relevant Interest in more than 90% of the Shares, and the Board considers that the Employee's pro-rata performance is satisfactory;
- 8.3 the Company is wound up, voluntarily or by order, or the Company otherwise disposes of its main undertaking; or
- 8.4 if there is any internal reconstruction, reorganisation, or acquisition of the Company which is not any of the above events.

## **9. Transfer**

Performance Rights may only be transferred with the consent of the Board, except where required by the law because of death or bankruptcy. Shares granted from Performance Rights may only be transferred with the consent of the Board if there is a period of restraint attached to their issue, until that period of restraint has expired.

## 2019 Performance Right Conditions

The Rights are subject to the following four Performance Conditions:

1. RVR's comparative share price performance;
2. growth in Mineral Resources;
3. growth in Ore Reserves; and
4. Continued employment with RVR or an Associated Body Corporate (as defined in the Rules) of RVR on the Vesting Date (the **Service Condition**).

Other than in respect of the Service Condition, the Performance Conditions operate independently in so far as satisfaction of each Performance Condition will give rise to a pre-determined proportion of the overall number of Rights becoming eligible for vesting. The Service Condition is in addition to the other Performance Conditions and must be satisfied in order for any Rights to vest.

Any Rights that have become eligible for vesting shall automatically vest on the Vesting Date if the Service Condition is met.

Any Rights that become ineligible for vesting, or do not vest, because of a failure to satisfy one or more Performance Conditions shall lapse on the earlier of the date that RVR determines that the Performance Conditions for those Rights have not been met and the Expiry Date.

### *Total Shareholder Return – 50% of the Rights capable of vesting*

50% of the Rights shall be subject to a comparative Share price performance condition, as compared to the Comparator Group of Companies\*.

The Company's share price performance for each of the three financial years commencing 1 July 2018 to 30 June 2019 (each a Performance Period), will be compared to Comparator Group of Companies movement for the same 12 month period, with 1/3 of the Rights for this Performance Condition being allocated to each Performance Period (i.e. 30 June 2018 to 30 June 2019, 30 June 2019 to 30 June 2020 and 30 June 2020 to 30 June 2021).

### \*Comparator Group of Companies

Heron Resources (HRR)	Venturex Resources (VXR)
KGL Resources (KGL)	Terramin Australia (TZN)
ROX Resources (ROX)	Myanmar Metals (MYL)
Ironbark Zinc (IBG)	Consolidated Zinc (CZL)
PNX Metals (PNX)	New Century Resources (NCZ)

The percentage of Rights that will become eligible for vesting (subject to satisfaction of the Service Condition) for each Performance Period will be determined by the comparative share price performance as set out in the table below.

<b>RVR ranking versus Comparator Group of Companies</b>	<b>% of Maximum Award</b>
Below the 50 <sup>th</sup> percentile	0% vest

Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile	50% - 100% vest (on a pro-rata basis)
At or above the 75 <sup>th</sup> percentile	100% vest

In addition to the level of performance set out in the above table, the Board reserves its right to deem the share price performance condition as being met, in the event that the Company's share price at 30 June in a particular year is below the company's share price on 1 July of the preceding year.

*Grow Resources – 25% of the Rights capable of vesting*

25% of the Rights shall be subject to the growth of RVR's aggregate Mineral Resources (as reported to the ASX) during a Performance Period of 30 June 2018 and 30 June 2021 (aggregated on a gross zinc equivalent basis inclusive of Inferred, Indicated and Measured Mineral Resources).

The percentage of Rights that will become eligible for vesting (subject to the satisfaction of the Service Condition) associated with each percentage increase in Mineral Resources is set out in the table below.

<b>Resource increase</b>	<b>% of Maximum Award</b>
<ul style="list-style-type: none"> <li>Increase Resources by &gt;25%</li> </ul>	100% vest
<ul style="list-style-type: none"> <li>Increase Resources by &gt;0%&lt;25%</li> </ul>	0% - 100% vest (on a pro-rata basis)
<ul style="list-style-type: none"> <li>Increase Resources by 0% or a decrease in Resources</li> </ul>	0% vest

*Grow Reserves – 25% of the Rights capable of vesting*

25% of the Rights shall be subject to the growth of RVR's aggregate Ore Reserves (as reported to the ASX) during a Performance Period of 30 June 2018 and 30 June 2021 (aggregated on a gross zinc equivalent basis inclusive of Probable Ore Reserve and Proved Ore Reserves).

The percentage of Rights that will become eligible for vesting (subject to the satisfaction of the Service Condition) associated with each percentage increase in Ore Reserves is set out in the table below.

<b>Reserve increase</b>	<b>% of Maximum Award</b>
<ul style="list-style-type: none"> <li>Increase Reserves by &gt;25%</li> </ul>	100% vest
<ul style="list-style-type: none"> <li>Increase Reserves by &gt;0%&lt;25%</li> </ul>	0% - 100% vest (on a pro-rata basis)
<ul style="list-style-type: none"> <li>Increase Reserves by 0%</li> </ul>	0% vest

*Service Condition*

The Service Condition requires that you must be employed by RVR or an Associated Body Corporate (as defined in the Rules) of RVR on the date of the grant and remain employed on the Vesting Date in order for any Rights to vest on the Vesting Date. If your employment ceases prior to the Vesting Date Rights issued pursuant to this Offer Document shall lapse, unless the Board determines otherwise in accordance with the Rules.