



Royalty Update

Base metals producer Red River Resources Limited (ASX: RVR) (“**Red River**” or “the **Company**”) announces that it and its wholly owned subsidiary, Cromarty Resources Pty Ltd (**Cromarty**), have had legal proceedings commenced against them in relation to the payment of royalties with Thalanga Copper Mines Pty Ltd (**TCM**), a wholly owned subsidiary of Vedanta Resources Limited.

The proceedings relate to the obligation for Red River to pay royalties to TCM at Thalanga. Red River had been in, what it considered to be, constructive discussions with TCM to amend the terms of the royalty payment obligation from monthly to quarterly to align with the Company’s working capital cycle.

TCM subsequently purported to terminate the relevant agreement and has now alleged that Red River is liable for non-payment of royalties and related damages (**Claim**), which is surprising given that Red River has been a willing payer of royalties relating to the Project including the following:

- Red River has made royalty payments to TCM totalling approximately \$1.9 million in respect of production up to 30 June 2018, without any dispute;
- Red River had met with TCM regarding amending the royalty documentation to reflect a quarterly royalty payment, which TCM did not object to and TCM had requested that Red River prepare the necessary paperwork, before TCM gave notice of termination of the agreement due to non-payment of the royalties on a monthly basis; and
- Red River has made every reasonable attempt to make payment of further royalties to TCM for the period from 1 July 2018 to 28 December 2018, in the amount of approximately \$1.22 million having requested that TCM issue Red River with a tax invoice on multiple occasions in order to make payment, but to date TCM has refused to issue the tax invoice. Red River has set aside cash for the outstanding royalties payable prior to the date of receiving notice of termination.

TCM alleges that Cromarty is liable for loss and damage for the royalties payable prior to the date of termination (which Cromarty has attempted to pay) and in respect of future royalty payments that TCM would have received pursuant to the royalty arrangements with TCM.

Red River is confident that TCM’s claim in respect of future royalty payments after the date of termination will be unsuccessful and intends to vigorously defend the Claim.

Managing Director’s Comment

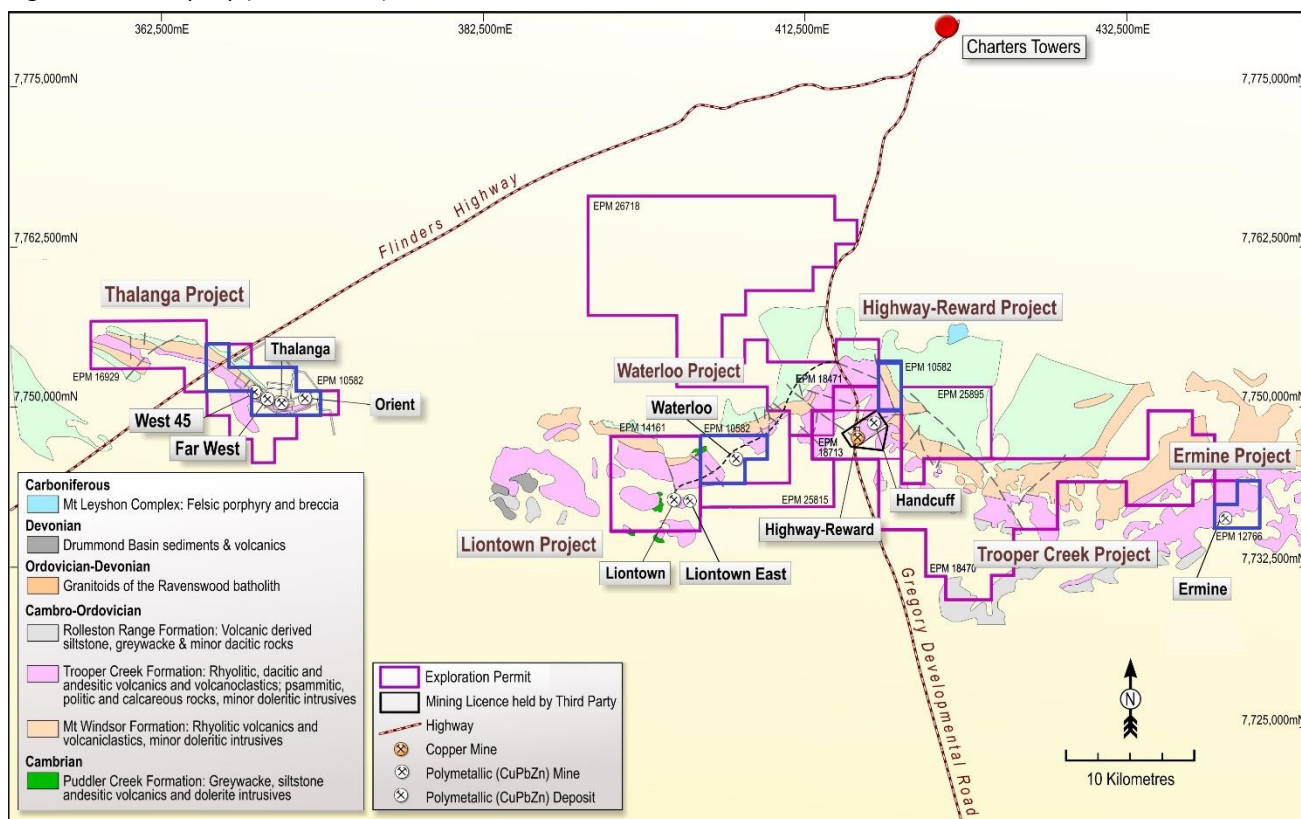
Mel Palancian, Red River’s Managing Director said: “I am surprised that TCM has taken such an unusual approach to this matter given that we have been trying to pay the royalties. I’d like to assure all shareholders, employees and stakeholders that this dispute with TCM will have no impact on either the ownership of the Thalanga Operations, nor the ongoing operations on site. We will vigorously defend this matter.”

Background to the TCM Arrangements

The requirement to pay royalties to TCM dates from an agreement dated May 2006, when as part of the acquisition of the Thalanga Assets (Mining Leases 1392, 1531, 10137, 10185 and 10186, and Exploration Permit Mineral 10582 and 12766, refer to Figure 1) from TCM by Kagara Copper Pty Ltd (**Kagara**), Kagara agreed to pay TCM a 4% NSR royalty (the **NSR**) over production from those tenements and mining leases.

Cromarty inherited this obligation to pay the NSR to TCM from Kagara as part of the acquisition of the Thalanga Assets from the administrators of Kagara in October 2014.

Figure 1 TCM Royalty (blue outline)



About Red River Resources (ASX: RVR)

RVR is the leading ASX base metal producer, with its key asset being the Thalanga Operation in Northern Queensland. RVR commenced copper, lead and zinc concentrate production at the Thalanga Operation in September 2017 and RVR is focused on maximising returns from the Operation by increasing plant throughput and extending mine life through increasing Mineral Resources and Ore Reserves at deposits currently in the mine plan (West 45, Far West and Waterloo), by potentially converting Mineral Resources into Ore Reserves at Liontown and Orient and by continuing to aggressively explore our growing pipeline of high quality targets within the surrounding area.

On behalf of the Board,

Mel Palancian

Managing Director

Red River Resources Limited

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