Thalanga Zinc Project – June 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, site rehabilitation and restart activities continued during June with the following undertaken:

- Roof and structural repairs on the fine ore bin continued with all corroded material removed and replacement members currently being installed;
- Completed feeders and structural replacement underneath fine ore bin;
- Repaired damaged and corroded concrete plinths underneath Ball Mill area; and
- Repaired and poly sprayed all the internal cells inside the flotation area.

At the end of June, approximately 70% 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 and is forecast to restart commercial production in Q4 CY2017.

Operational Readiness

- Removed all worn components on the Larox concentrate filter press, started to change out with new and refurbished components;
- Commissioned Mill control system (DCS) and repaired communications links that was not working;
- Multi Stream Analyser was commissioned and tested during the month;
- All old and redundant pumps were removed, bases being repaired and started to install replacement pumps; and
- Appointments of processing operators ongoing, final contracts being offered.

West 45

- 252m of development completed with the decline development (105m) taking priority;
- Approximately 10,500 tonnes of development ore delivered to ROM pad, from Level 956 Eastern and Western ore drives and Level 936 Eastern and Western ore drives;
- Stoping blocks have been designed and slot development will commence shortly;
- Raise bore completed the return air raise (RAR) (85.6m vertical height) and the ventilation fans installation commenced; and
- Production drill rig was mobilised to site and commissioned UG.

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:

- Roof and structural repairs on the fine ore bin continued with all corroded material removed and replacement members currently being installed;
- Completed feeders and structural replacement underneath fine ore bin;
- Repaired damaged and corroded concrete plinths underneath Ball Mill area; and
- Repaired and poly sprayed all the internal cells inside the flotation area.

At the end of June, approximately 70% 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 Replacement and refurbishment of fine ore bin feed conveyor structure

Figure 3 Repaired and poly sprayed cells in flotation area

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:

- Removed all worn components on the Larox concentrate filter press, started to change out with new and refurbished components;
- Commissioned Mill control system (DCS) and repaired communications links that was not working;
- Multi Stream Analyser was commissioned and tested during the month;
- All long lead time reagents have been ordered and awaiting delivery;
- Three groundwater monitoring bores have been installed as part of the Far West development process;
- All old and redundant pumps were removed, bases being repaired and started to install replacement pumps; and
- Appointments of processing operators ongoing, final contracts being offered.

Figure 4 Ongoing refurbishment of Larox filter press

Figure 5 Installation of Far West monitoring bore

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:

- 252m of development completed with the decline development (105m) taking priority;
- Approximately 10,500 tonnes of development ore delivered to ROM pad, from Level 956 Eastern and Western ore drives and Level 936 Eastern and Western ore drives;
- Stoping blocks have been designed and slot development will commence shortly;
- Raise bore completed the return air raise (RAR) (85.6m vertical height) and the ventilation fans installation commenced; and
- Production drill rig was mobilised to site and commissioned UG.

Figure 6 Thalanga ROM pad (West 45 development ore stockpiles highlighted)

Figure 7 Sandvik Solo DL431 production drill rig heading UG

During the period, the raise borer completed the Return Air Raise (RAR), (85.6m vertical height). Ventilation fans have been installed at the RAR pad, as part of the continuing preparations for the commencement of mining (stoping) activities at West 45.

Figure 8 Raise borer head being removed from RAR at completion of ventilation rise

Figure 9 Ventilation fans installed at Return Air Raise (RAR)

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).

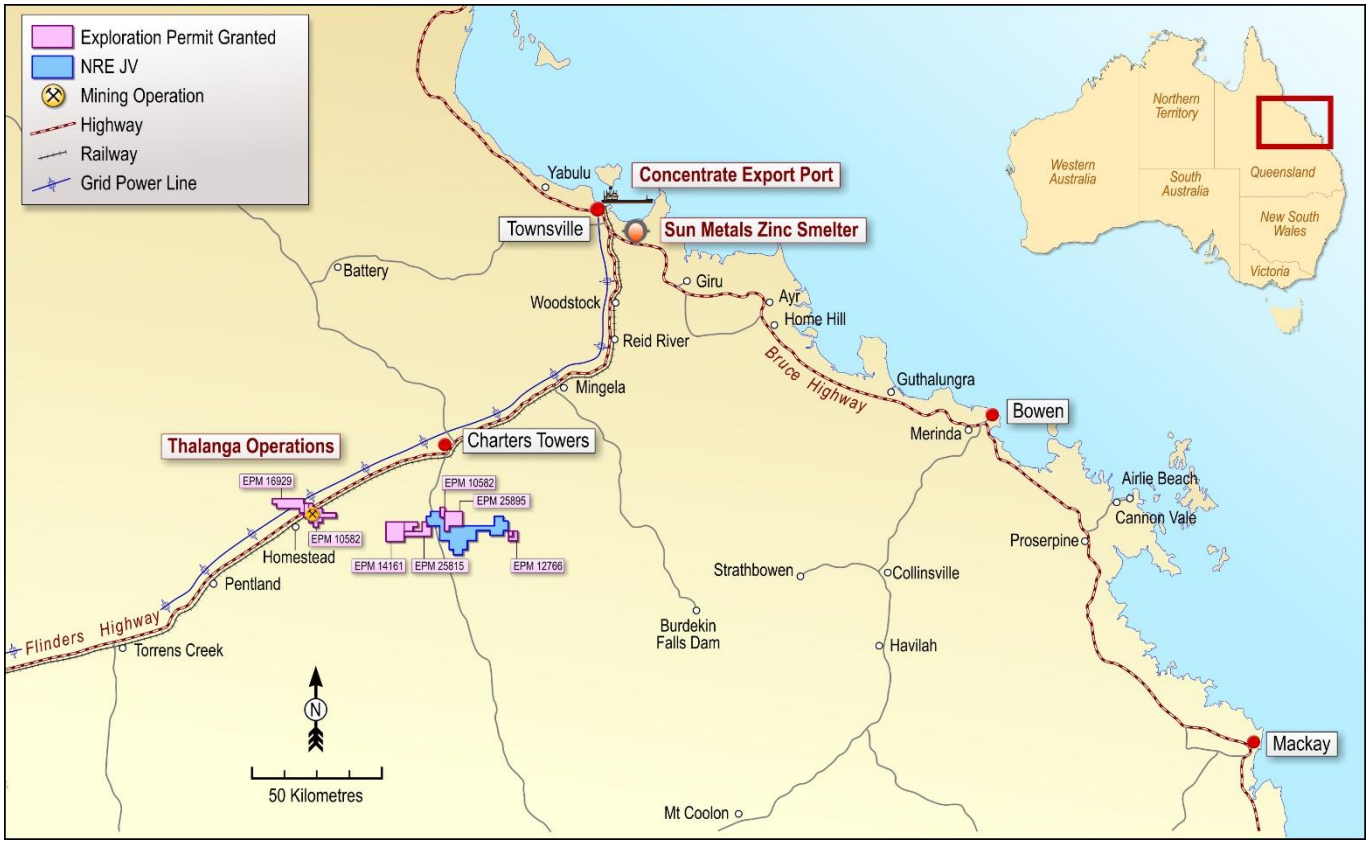
Annual average production is 21,400 tonnes of zinc, 3,600 tonnes of copper, 5,000 tonnes of lead, 2,000 ounces of gold and 370,000 ounces of silver in concentrate over an initial mine life of five years, and there is outstanding extension potential.

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 10 Thalanga Zinc Project Location



On behalf of the Board,

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