



ACN 100 796 754

Thalanga Update

Further to the announcement by Red River Resources Limited (**ASX: RVR**) (**Red River** or **Company**) that Michael Ryan, David McGrath and Kathryn Warwick of FTI Consulting (Australia) Pty Ltd (**FTI**) have been appointed administrators, joint and several, of Cromarty Resources Pty Ltd (**Cromarty**) a wholly owned subsidiary and owner and operator of the Thalanga Mine, the Company provides an update on its Thalanga Operation.

The September Quarter was impacted by the suspension of operations at Thalanga from 2 August 2022 to 19 August 2022 following a 'fall of ground' event in a stoping area. Progressive re-establishment of mining areas has occurred using revised ground support and updated geotechnical procedures for stoping, however the additional ground support and technical work has significantly impacted the forecast FY 2023 mining schedule, reducing ore availability and decreasing the mining rate.

In the September Quarter, mill throughput reduced to 41kt (down 54% QoQ) with production of 2,018 DMT zinc concentrate (down 67% QoQ), 1,098 DMT copper concentrate (down 67% QoQ), 567 DMT lead concentrate (down 58% QoQ) due to lower grade and tonnes milled. Grade was reduced because, after the 'fall of ground' event, stoping recommenced in a lower grade area.

Since the 'fall of ground' event in August 2022, RVR's Executive Management has focused on:

- issuers-establishing production at Far West / Thalanga, particularly the development and installation of upgraded ground support to ensure safe and compliant stoping activities.
- Changing staffing levels and roster to implement more cost efficient campaign processing at the Thalanga site and match processing capacity to the reduced mining rate.
- Managing the onsite mining contractor, Pybar, including multiple variations, claims and their proposed renegotiation of the contract rates.
- Managing water compliance issues at Thalanga and preparation for future rainfall events and wet season compliance including interactions with consultants and the regulator.

It has become apparent the revised forecast mining rate will be about 20-22kt per month for the remainder of the FY2023 period, and the mining rate is unlikely to return to the historical forecasted FY2023 Budget mining rate of 30kt per month.

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Underperformance in the revised mining rate at Far West / Thalanga Project since the 'fall of ground' event has negatively impacted the cash flow where it emerged that additional capital was required to maintain solvency on the forward mining schedule in Cromarty.

The reduction in mine tonnage coupled with lower grade ore, as a result of changes in access to planned mining areas, combined with an increased in mining unit costs, has resulted in a material change in the expected cashflows for the foreseeable future from the current Thalanga Operation at the Far West Mine.

The largest secured creditors of Cromarty Resources Pty Ltd are Red River Resources Limited and Trafigura Pte Ltd (**Trafigura**). Red River has provided a guarantee to Trafigura in relation to the working capital facility agreement between Cromarty and Trafigura.

The Company expects that trading in its shares will remain halted until a further update is provided.

Further updates will be provided when available.

This announcement has been approved for release by the Red River Board.

On behalf of the Board,

Patrick O'Connor
Executive Director
Red River Resources Limited

End.

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

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