

RED RIVER RESOURCES LIMITED

ABN 35 100 796 754

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

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CORPORATE DIRECTORY

Directors

Mr Ross Gillon – Non-Executive Chairman

Mr John Karajas – Managing Director

Mr David Zohar – Executive Director

Company Secretaries

Mr David Zohar

Registered and Principal Office

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Share Register

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Level 2

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Stock Exchange Listing

Australian Securities Exchange

Home Branch – Perth

2 The Esplanade

Perth WA 6000

ASX Code

RVR - Fully paid ordinary shares

RVRO – 20 cent Options expiring 31

March 2010

Solicitors

Lawton Gillon

Auditor

BDO Kendalls Audit and Assurance (WA)

Pty Ltd

128 Hay Street

Subiaco WA 6008

RED RIVER RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Red River Resources Limited and the entities it controlled (consolidated entity) at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The following persons were directors of Red River Resources Limited in office during the whole of the half-year and until the date of this report:

Mr John Karajjas
Mr David Zohar
Mr Ross Gillon

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax for the half-year ended 31 December 2008 was \$786,111 (2007: \$910,505) after writing off exploration costs of \$482,746 (2007:\$698,872).

Review of Operations

During the half year ended 31 December 2008 the Company undertook the following:

Miaree Project, Pilbara Region, Western Australia

5,800 meters of reverse circulation drilling in 58 separate drill holes were drilled over the Miaree Magnetite Trend southeast of Karratha. Field observation, as well as magnetic susceptibility readings, show that the drill holes intersected abundant magnetite. Magnetite abundance appears to strongly correlate with aeromagnetic field strength over the areas of drilling. Over 2,600 samples have been submitted for chemical analysis and results are anticipated during February 2009. Compilation of analytical results and geological logging, followed by magnetic modeling is expected to lead to the calculation of a JORC compliant Mineralised Resource figure during March 2009.

Blythe Project, Northern Tasmania

3,847 meters of reverse circulation drilling in 78 separate drill holes were drilled over the Kara North, Kara East, Hampshire, Nolan's Hill, Sea Slug and Kiwi's Prospects. Substantial skarn-hosted magnetite iron ore and tin mineralization was intersected in the Kara North Prospect and further investigation of tin potential is underway.

Feral Project, Mid West Region, Western Australia

600 meters of reverse circulation drilling in 13 separate drill holes were drilled at this Prospect. Drilling failed to encounter direct shipping grade hematite as was expected from gravity highs which formed the drill targets for this phase of drilling. As a consequence, the Company withdrew from this Project.

RED RIVER RESOURCES LIMITED DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of Directors



JOHN KARAJAS
Managing Director
Perth, 11 March 2009



BDO Kendalls

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ABN 79 112 284 787

11 March 2009

The Directors
Red River Resources Ltd
PO Box 3235
PERTH WA 6832

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF RED RIVER RESOURCES LIMITED

As lead auditor of Red River Resources Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Red River Resources Limited and the entities it controlled during the period.

Chris Burton
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

BDO Kendalls is a national association of
separate partnerships and entities

RED RIVER RESOURCES LIMITED
CONSOLIDATED INCOME STATEMENT
For the half year ended 31 December 2008

	Note	Six Months Ended 31 December 2008 \$	Six Months Ended 31 December 2007 \$
Revenue from continuing operations	2	189,564	95,107
Other Income		-	50,455
Expenses			
Administration costs		379,575	340,672
Depreciation		8,354	16,523
Impairment of Available for Sale Financial Assets		105,000	-
Exploration costs written off		482,746	698,872
Loss before income tax expense		(786,111)	(910,505)
Income tax expense		-	-
Net loss attributable to equity holders of Red River Resources Ltd		(786,111)	(910,505)
Basic and Diluted loss per share (cents per share)		(1.13)	(1.30)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

RED RIVER RESOURCES LIMITED
CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	31 December 2008 \$	30 June 2008 \$
	Note	
Current Assets		
Cash and cash equivalents	3,103,965	3,647,557
Trade and other receivables	157,504	23,220
Total Current Assets	<u>3,261,469</u>	<u>3,670,777</u>
Non-current Assets		
Mining bonds	23,820	23,820
Property, Plant & Equipment	52,066	56,599
Available for sale financial assets	3 93,220	180,000
Total Non-current Assets	<u>169,106</u>	<u>260,419</u>
TOTAL ASSETS	<u>3,430,575</u>	<u>3,931,196</u>
Current Liabilities		
Trade and other payables	492,378	202,984
Provisions - Employee entitlements	5,358	495
Total Current Liabilities	<u>497,736</u>	<u>203,479</u>
TOTAL LIABILITIES	<u>497,736</u>	<u>203,479</u>
NET ASSETS	<u>2,932,839</u>	<u>3,727,717</u>
EQUITY		
Issued Capital	8,021,799	8,021,799
Reserves	60,745	69,512
Accumulated losses	<u>(5,149,705)</u>	<u>(4,363,594)</u>
TOTAL EQUITY	<u>2,932,839</u>	<u>3,727,717</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

RED RIVER RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY
For the half year ended 31 December 2008

	Issued Share Capital \$	Accumulated Losses \$	Reserves \$	Total \$
2007				
Balance as at 1 July 2007	3,495,901	(3,074,054)	39,512	461,359
Loss for the half year	-	(910,505)	-	(910,505)
Increase in the fair value of available-for-sale financial assets	-	-	-	-
Decrease in the fair value of available-for-sale financial assets	-	-	-	-
Total recognised income and expense for the half year		(910,505)	-	(910,505)
Shares issued during the half year	4,610,501	-	-	4,610,501
Capital raising costs	(91,930)	-	-	(91,930)
Options exercised during the half year	41,250	-	-	41,250
Balance as at 31 December 2007	8,055,722	(3,984,559)	39,512	4,110,675
2008				
Balance as at 1 July 2008	8,021,799	(4,363,594)	69,512	3,727,717
Loss for the half year	-	(786,111)	-	(786,111)
Decrease in the fair value of available-for-sale financial assets	-	-	(8,767)	(8,767)
Total recognised income and expense for the half year		(786,111)	(8,767)	(794,878)
Shares issued during the half year	-	-	-	-
Capital raising costs	-	-	-	-
Balance as at 31 December 2008	8,021,799	(5,149,705)	60,745	2,932,839

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

RED RIVER RESOURCES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the half year ended 31 December 2008

	<u>Consolidated Group</u>	
	Six Months Ended 31 December 2008 \$	Six Months Ended 31 December 2007 \$
Cash flows from operating activities		
Payments to suppliers and employees, including exploration and evaluation	(628,700)	(1,049,056)
Interest received	83,021	95,107
GST	18,478	(13,451)
Other income- farm out/option fees	-	50,455
Tax refund/paid	-	(296)
Net cash outflows from operating activities	<u>(527,201)</u>	<u>(917,241)</u>
Cash flows from investing activities		
Payment for available for sale financial assets	(12,570)	-
Payments for plant and equipment	(3,821)	(65,683)
Net cash outflows from investing activities	<u>(16,391)</u>	<u>(65,683)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	4,647,750
Share issue expenses	-	(91,930)
Net cash inflow from financing activities	<u>-</u>	<u>4,558,820</u>
Net (decrease) / increase in cash held	(543,592)	3,572,896
Cash and cash equivalents at the beginning of the half year	<u>3,647,557</u>	<u>489,927</u>
Cash and cash equivalents at the end of the half year	<u><u>3,103,965</u></u>	<u><u>4,062,823</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

RED RIVER RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2008

1. BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose interim financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Red River Resources Limited and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The financial statements have been prepared on a going concern basis.

2. REVENUE

	Consolidated Group	
	31.12.2008	31.12.2007
From Continuing Activities		
Sales Revenue - Services	80,871	-
Interest received	108,693	95,107
Other Income		
Farm out proceeds	-	50,455
	189,564	145,562

3. AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated Group	
	31.12.2008	30.06.2008
Listed investment at fair value	93,220	180,000
	93,220	180,000
At beginning of period	180,000	-
Acquisitions	26,987	150,000
Disposals	-	-
Fair value adjustments	(8,767)	30,000
Impairment of Available for Sale Financial Assets	(105,000)	-
At end of period	93,220	180,000

RED RIVER RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2008

Fair value of investments in listed corporations is assessed as the last sale on the Australian Securities Exchange prior to close of business on balance date.

The fair value of the listed investments is considered impaired given the significant and sustained decline in fair value during the half year.

4. DIVIDENDS

No dividends have been paid or provided for during the half-year.

5. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after balance date requiring disclosure.

6. LOSS PER SHARE

	Consolidated Group	
	31.12.2008	31.12.2007
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	69,326,255	70,043,462
Earnings used to calculate basic and dilutive EPS	(786,111)	(910,505)
Basic and Diluted loss per share (cents per share)	<u>(1.13)</u>	<u>(1.30)</u>

7. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia.

8. CONTINGENT LIABILITIES

There are no additional material contingent liabilities since the last reporting balance date.

9. RELATED PARTY TRANSACTIONS

During the half-year the consolidated entity undertook transactions with the following Director Related Entities:

- Iron Mountain Mining Ltd
- United Orogen Ltd
- Eagle Nickel Ltd

These transactions are summarised below:

During the half year ended 31 December 2008, costs of \$363,470 (excl GST) were paid by Iron Mountain Mining Ltd on behalf of the consolidated entity in relation to the Blythe joint venture. This amount is to be reimbursed by the company, but is outstanding as at 31 December 2008.

During the half year ended 31 December 2008, costs of \$81,620 (excl GST) were paid by the consolidated entity on behalf of Iron Mountain Mining Ltd in relation to the Blythe and Miaree joint ventures. This amount is to be reimbursed by Iron Mountain Mining Ltd.

RED RIVER RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2008

During the half year ended 31 December 2008, the consolidated entity acquired mining supplies and consumables from Iron Mountain Mining Ltd, totalling \$6,879 (exclusive of GST).

During the half year ended 31 December 2008, the Company shared the rental of business premises and the use of administration staff from Iron Mountain Mining Limited. Total amount incurred during year was \$18,160 (excl GST) with \$5,916 outstanding as at 31 December 2008.

During the half year ended 31 December 2008, the Company also shared the use of administration staff and other costs with United Orogen Limited. The total amount incurred during the year was \$8,520 (excl GST) with the full amount outstanding as at 31 December 2008.

During the half year ended 31 December 2008, costs of \$4,035 (excl GST) were paid by Eagle Nickel Ltd on behalf of the company in relation to the Hooley Well and Imagi Well projects. This amount is to be reimbursed by the company, but is outstanding as at 31 December 2008.

Consulting fees of \$1,450 (excl GST) were paid to Shoshanna Zohar who is related to David Zohar.

RED RIVER RESOURCES LIMITED DIRECTORS' DECLARATION

The directors of the Company declare that:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



JOHN KARAJAS
Managing Director

Perth, 11 March 2009



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RED RIVER RESOURCES LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red River Resources Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red River Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red River Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Limited

BDO Kendalls



Chris Burton

Director

Perth, Western Australia on 11 March 2009