RedRiver
RESOURCES LIMITED

ACN 100 796 754

Target's Statement

This Target's Statement has been issued in response to the takeover bid made by Iron Mountain Mining Limited (ACN 112 914 459)

Your Independent Directors recommend that you ACCEPT the Offer, in the absence of a superior offer.

This is an important document and requires your immediate attention. If you are in doubt as to how to act, you should consult your professional advisers.

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Important Notices

Key Dates

Date of Iron Mountain's Offer	12 July 2013
Date of this Target's Statement	31 July 2013
Close of Offer Period (unless extended)	7.00pm (Melbourne time) on 13 August 2013

Target's Statement

This is a Target's Statement made by Red River Resources Limited ACN 100 796 754 (**Red River**) under Part 6.5 of Chapter 6 of the Corporations Act in response to the Bidder's Statement given by Iron Mountain Mining Limited ACN 112 914 459 (**Iron Mountain**) dated 19 June 2013 and which was served on Red River on 27 June 2013.

Glossary

Capitalised terms used in this Target's Statement are explained in the glossary at the end of this document, along with certain rules of interpretation, which apply to this Target's Statement.

ASIC and ASX

A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal financial or taxation advice. You may wish to seek your own independent legal, financial, taxation or other professional advice before making a decision as to whether or not to accept the Offer for your Red River Shares.

Forward looking statements

The Target's Statement contains forward looking statements. All statements other than statements of historical fact are forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are beyond the control of Red River.

Actual events or results may differ materially from the events or results expected or implied in any forward looking statement. None of Red River, any of its officers, any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statements.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

Red River has collected your information from the Red River register of Red River Shareholders for the purpose of providing you with this Target's Statement. The type of information Red River has collected about you includes your name, contact details and information on your shareholding in Red River. Without this information, Red River would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Red River Shareholders to be held in a public register. Your name may be disclosed on a confidential basis to external service providers (such as print and mail service providers) and may be required to be disclosed to regulators such as ASIC and ASX. If you would like to obtain details of the information held about you by Red River, please contact Red River's Company Secretary.

Red River Resources - Miaree Project

Managing Director's Letter to Shareholders

31 July 2013

Dear Red River Shareholder

On 6 June 2013, Iron Mountain Mining Limited (**Iron Mountain**) announced an off-market takeover offer for all fully paid ordinary shares in the capital of Red River Resources Limited (**Red River**). Iron Mountain is offering 1.5 cents for each Red River Share plus one Iron Mountain Share for every 6 Red River Shares.

You should by now have received a Bidder's Statement from Iron Mountain setting out full details of the Offer. This Target's Statement sets out the recommendation of your Independent Directors in relation to the Offer.

Recommendation

The Independent Directors have carefully conside the Offer and recommend that you accept the Offer in the absence of a superior offer.

The key reasons for the Independent Directors' recommendation are:

- **the Offer is at a premium to recent market prices;**
- **the Independent Expert has concluded that the offer is not fair but is reasonable in the absence of a superior offer;**
- **Iron Mountain has significant cash reserves which can be used to fund further exploration on Red River's projects, with Red River likely to struggle to find alternative sources of funding given the current market conditions (which are particularly tough for junior gold base metals explorers);**
- **it is likely that the Red River Shares would trade below the Offer Consideration in the foreseeable future if the Offer fails;**
- **there are limited prospects of a superior offer; and**
- **the Offer provides a market for Shareholders' Red River Shares, which have tended to be highly illiquid.**

This Target's Statement explains in more detail the reasons for the Independent Directors' recommendations to accept the Offer, and I urge you to read it in full. You should consult with your independent legal, financial or other professional adviser if in doubt about what to do.

Independent Expert's Report

This Target's Statement includes an Independent Expert's Report from Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities (**Stantons**). The Independent Expert has concluded that the Offer is **not fair but is reasonable**.

How to accept the Offer

The Offer is open until 7.00pm (Melbourne time) on 13 August 2013, unless extended. To accept the Offer you will need to complete and return the Acceptance Form that accompanied the Bidder's Statement and follow the instructions set out in section 8 of the Bidder's Statement.

The Independent Directors will keep you informed of any further developments in relation to the Offer.

If you have any questions, please consult your professional adviser.

Yours sincerely

N Taylor

Noel Taylor
Managing Director

1 Common Questions about the Offer

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Red River Shareholders. This section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer by Iron Mountain which has been sent to you in accordance with the Corporations Act.
What is this Target's Statement?	This Target's Statement has been prepared by the Independent Directors and provides Red River's response to the Offer, including the recommendations of the Independent Directors.
Who is the Offer made to?	The Offer is made to all persons who hold Red River Shares as at 4 July 2013 (other than Iron Mountain, which itself holds 1,800,000 Red River Shares). Section 12.1 of the Bidder's Statement sets out further details.
Who is Iron Mountain?	Iron Mountain is an ASX listed resource and exploration company with a focus on exploring for iron ore (magnetite) and gold in Western Australia and gold and heavy mineral sands in Victoria. You should refer to the Bidder's Statement for information on Iron Mountain.
What is Iron Mountain offering for your Red River Shares?	Iron Mountain is offering 1.5 cents for each Red River Share that you hold and 1 Iron Mountain Share for every 6 of your Red River Shares. The Offer is made in respect of all Red River Shares other than those already held by Iron Mountain.
What choices do I have as a Red River Shareholder?	As a Red River Shareholder you have the choice to do any of the following: • Accept the Offer for all your Red River Shares. • Sell your Red River Shares on ASX, which may be at a higher or lower price than the Offer Consideration. If you wish to sell your Red River Shares on ASX you should not accept the Offer and should instruct your broker at the time you wish to sell. • Choose not to accept the Offer, in which case you do not need to take any action. Red River Shareholders should carefully consider the Independent Directors' recommendation and other important issues set out in this Target's Statement.
What do your Directors recommend?	The Independent Directors recommend that you **ACCEPT** the Offer, in the absence of a superior offer. As David Zohar is also a director of Iron Mountain, he has declined to make any recommendation in relation to the Offer.

What do the Independent Directors intend to do with their Red River Shares?	Each Independent Director who holds Red River Shares intends to accept the Offer in respect of their shareholdings in the absence of a superior offer.
What does the Independent Expert say?	The Independent Expert has concluded that the Offer is not fair but is reasonable. In concluding that the Offer is not fair, the Independent Expert indicates that the value on a cents per share basis of the Offer is less than the preferred technical fair value of a Red River Share. However, the Independent Expert also concludes that the Offer is reasonable because ultimately the advantages of accepting the Offer arguably exceed the disadvantages, although the financial effects cannot be determined with any degree of certainty. The Independent Expert's Report, which should be read in conjunction with this summary, accompanies this Target's Statement as Appendix B.
How do I accept the Offer?	To follow the Independent Directors' recommendation to **ACCEPT** the Offer, you will need to complete and return the Acceptance Form that accompanied the Bidder's Statement and follow the instructions set out in section 8 of the Bidder's Statement. You may wish to seek independent financial and taxation advice from your professional adviser in relation to the action that you should take in relation to the Offer and your Red River Shares.
How do I reject the Offer?	To reject the Offer you do not need to do anything. However, you should note that the Independent Directors' recommendation is that you **accept the Offer** in the absence of a superior offer.
When do I have to make a decision?	If you wish to follow the Independent Directors' recommendation and **accept the Offer**, you must do this before the scheduled closing date. Iron Mountain has stated that the Offer remains open until 7.00pm (Melbourne time) on 13 August 2013. It is possible that Iron Mountain may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances.
What is the effect of accepting the Offer?	The effect of acceptance of the Offer is set out in section 9 of the Bidder's Statement. Red River Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Red River Shares and the representations and warranties which they give by accepting the Offer.
What happens if I accept the Offer and a superior offer is made?	If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances – namely if Iron Mountain varies the Offer in a way that postpones for more than one month the time by which it has to meet its obligations under the Offer (for example, by extending the Offer Period for more than one month while it remains conditional). So, if you accept the Offer, you may be unable to accept a superior offer if one arises. However, at this time the Independent Directors are unaware of any possible superior offer.

What happens if the Offer Consideration is increased?	If the Offer Consideration is subsequently increased by Iron Mountain after you have accepted the Offer, you will be entitled to the improved Offer Consideration.
Can I be forced to sell my Red River Shares?	You cannot be forced to sell your Red River Shares unless Iron Mountain proceeds to compulsory acquisition. Iron Mountain would need to acquire at least 90% of Red River Shares (under the Offer or otherwise) in order to exercise compulsory acquisition rights. If Iron Mountain acquires more than 90% of Red River Shares and proceeds to compulsory acquisition, then you will receive the same consideration as is payable by Iron Mountain under the Offer. See section 2.5(a) of this Target's Statement and section 5.2 of the Bidder's Statement for more details.
What are the tax implications of accepting the Offer?	You should seek independent taxation advice on the tax implications applicable to your circumstances.
What are the conditions to the Offer?	Iron Mountain has made the Offer subject to a number of conditions. These conditions include those relating to the following issues: • Iron Mountain acquiring more than 50% of the Red River Shares; • no material adverse change in respect of Red River; • consent to the change of control of Red River by the parties under certain of Red River's material contracts; • Red River's business being conducted in the ordinary course; and • the S&P/ASX 200 Index not closing below 4,300 for 3 or more consecutive trading days. The conditions are set out in full in section 10.1 of the Bidder's Statement and should be read carefully.
What happens if I accept the Offer and the conditions are not satisfied?	If the Offer conditions are not satisfied and Iron Mountain has not waived them by the end of the Offer Period, your acceptance of the Offer will be void and of no effect whatsoever. You will then be free to deal with your Red River Shares in another way. If the Offer conditions are satisfied or waived before the end of the Offer Period, you will be provided the Offer Consideration by Iron Mountain. Even where the Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period, except in limited circumstances.
How will I know when the Offer is unconditional?	Iron Mountain is required under the Corporations Act to advise Red River and its shareholders if the conditions to the Offer become satisfied or waived. The date for notification of the status of the conditions is 6 August 2013 (subject to extension in accordance with the Corporations Act).
Is there any cost in me accepting the Offer?	Red River Shareholders will not be required to pay brokerage or any other costs (apart from any personal taxation considerations) in relation to the sale of their Red River Shares under the Offer.

When will I receive the Offer Consideration?	If you accept the Offer, will receive the Offer Consideration on or before the earlier of: • one month after the Offer is validly accepted by you or, if the Offer is subject to a defeating condition, within one month of the Offer becoming unconditional; and • 21 days after the end of the Offer Period, provided the Offer has become unconditional. You will be provided with a cheque in respect of the cash component of the Offer Consideration (1.5 cents for each Red River Share that you hold) and a holding statement (or similar documentation) for the share component of the Offer Consideration (1 Iron Mountain Share for every 6 of your Red River Shares). For more information, see sections 11.1 and 11.3 of the Bidder's Statement.
What if I am a foreign shareholder?	If you are an Ineligible Foreign Shareholder and you accept the Offer you will receive the cash component of the Offer Consideration (1.5 cents for each Red River Share that you hold). However, you will not receive the share component of the Offer Consideration (1 Iron Mountain Share for every 6 of your Red River Shares). Instead, Iron Mountain will establish a sale facility for those Iron Mountain Shares that you would have been entitled to receive and you will receive the proceeds from the sale of those Iron Mountain Shares. Further details are set out in section 11.7 of the Bidder's Statement.
What if I only receive a small number of Iron Mountain Shares?	You will still receive the share component of the Offer Consideration (1 Iron Mountain Share for every 6 of your Red River Shares). Iron Mountain has stated in the Bidder's Statement (see section 11.5) that it intends to implement a share sale facility for those who following the Offer will hold less than an 'unmarketable parcel' of Iron Mountain Shares (being a parcel of shares valued at less than $500 at a specified date).
Can Iron Mountain withdraw the Offer?	Iron Mountain can only withdraw its Offer with the consent in writing of ASIC, which consent may be subject to conditions.

2 Independent Directors' recommendations

2.1. Summary of the Offer

On 19 June 2013 Iron Mountain lodged its Bidder's Statement with ASIC which sets out the terms of the Offer. The key terms of the Iron Mountain Offer are summarised in the "common questions" in section 1 of this Target's Statement. Red River Shareholders should read the Bidder's Statement for full details of the Offer.

2.2. Directors of Red River

The Directors of Red River as at the date of this Target's Statement are:

Name	Position
John Karajas	Non-executive director and Chairman
Noel Taylor	Managing Director
David Zohar	Executive Director

David Zohar is also a director of Iron Mountain. Given his interest as a director of Iron Mountain, the Directors have established a committee of Independent Directors (which excludes David Zohar) to assess the Offer.

2.3. Directors' recommendation and intentions

In assessing the Offer, the Independent Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement and the conclusions of the Independent Expert.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in section 2.5), the Independent Directors believe that the consideration offered by Iron Mountain of 1.5 cents for each Red River Share plus one Iron Mountain Share for every 6 Red River Shares is a reasonable price for your Red River Shares.

Accordingly, each of the Independent Directors recommends that you ACCEPT the Offer in the absence of a superior offer.

The Independent Directors who own or control Red River Shares intend to accept the Offer in respect of their Red River Shares in the absence of a superior offer (see section 3.6 for more information on the respective shareholdings of the Independent Directors).

As set out above, David Zohar is also a director of Iron Mountain. Given his interest as a director of Iron Mountain (being the entity making the Offer), David Zohar does not consider it appropriate for him in the circumstances to make a recommendation in respect of the Offer, and he declines to do so.

In considering whether to accept the Offer, the Independent Directors encourage you to:

(a) read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;

(b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;

(c) consider the choices available to you as noted in section 2.10 of this Target's Statement; and

(d) obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the tax implications of accepting the Offer.

2.4. Reasons for the Independent Directors' recommendation

(a) The Offer values Red River at a premium to recent market prices

The Offer Consideration of 1.5 cents for each Red River Share that you hold and 1 Iron Mountain Share for every 6 of your Red River Shares (which the Independent Expert has given an aggregate "preferred value" of 1.933 cents per Red River Share – see the table in section 10.1 of the Independent Expert's Report) represents:

- a premium of 93.3% over the price of 1.0 cents per Red River Share at the close of trading on 5 June 2013 (being the last day Red River Shares traded on ASX before the Offer was announced);
- a premium of 48.7% over the one month volume weighted average price of 1.3 cents per Red River Share at the close of trading on 5 June 2013 (being the last day Red River Shares traded on ASX before the Offer was announced); and
- a premium of 1.7% over the three month volume weighted average price of 1.9 cents per Red River Share at the close of trading on 5 June 2013 (being the last day Red River Shares traded on ASX before the Offer was announced).

The Independent Directors consider that it is appropriate to compare the Offer Consideration to the 5 June 2013 share price and volume weighted average prices, and not to more recent share prices for Red River, because the share price after 5 June 2013 has been affected by the Offer.

(b) The Offer is reasonable

The Independent Directors have had regard to the operations, expected future earnings, growth prospects and risk profile of Red River and believe the Offer is reasonable.

(c) Independent Expert's conclusion

Under section 640 of the Corporations Act, if a bidder's voting power in the target is 30% or more, or a director of the bidder is also a director of the target, the target's statement must include or be accompanied by a report by an expert that states whether, in the expert's opinion, the takeover is fair and reasonable and give the reasons for forming that opinion.

As at the date of this Target's Statement, one director of Iron Mountain (David Zohar) is also a director of Red River. Accordingly, Red River engaged Stantons to prepare the Independent Expert's Report.

The Independent Expert has:

- estimated a range of values for Iron Mountain shares based on market pricing (after disregarding post announcement pricing) of between 2.3 and 3 cents so that the value of the Offer Consideration is estimated at between 1.883 to 2 cents per Red River Share;
- estimated the net asset value of the Red River Shares to be in the range of 3.75 cents to 5.04 cents per Red River Share with a preferred value of 4.32 cents per Red River Share; and
- concluded, in the absence of a superior offer, that the Offer is not fair but is reasonable.

In concluding that the Offer is not fair, the Independent Expert indicates that the value on a cents per share basis of the Offer is less than the preferred technical fair value of a Red River Share. However, the Independent Expert also concludes that the Offer is reasonable because ultimately the advantages of accepting the Offer arguably exceed the disadvantages, although the financial effects cannot be determined with any degree of certainty.

A full copy of the Independent Expert's Report, which should be read in conjunction with this summary, accompanies this Target's Statement as Appendix B. You should read this report carefully.

(d) Access to Iron Mountain assets and projects

Red River already has a close relationship with Iron Mountain and is its joint venture partner in the Miaree project. The merger of Red River with Iron Mountain will allow the Miaree project and the companies' other assets to be consolidated. Importantly, the merger of Red River with Iron Mountain will create a larger exploration company and provide funding, through Iron Mountain's substantial cash reserves, for further exploration on Red River's tenements.

If the Offer is not successful, Red River would need to raise significant capital in the short term, either by way of a capital raising (which may dilute Red River Shareholders) or by way of a divestment of one or more of Red River's current projects. Given the current market conditions (particularly for junior gold base metals explorers), there is a strong risk that Red River will struggle to raise further funding to continue exploration if the Offer is not accepted by Shareholders.

(e) Red River Share price

While there are many factors which affect the Red River Share price, the Independent Directors believe that it is likely that the Red River Shares would trade below the Offer Consideration in the foreseeable future if the Offer was to fail.

(f) Limited prospect of an alternative superior offer

No alternative proposals are currently under consideration by Red River and the Independent Directors are not aware of any other likely superior bid which might be made.

(g) Increased liquidity

Red River Shares are highly illiquid, meaning it is difficult for Red River Shareholders to sell their Red River Shares on market. If the Offer is accepted, Red River Shareholders can sell their Red River Shares to Iron Mountain at a premium to the current market price, and will receive Iron Mountain shares as part of the Offer Consideration, which have a more liquid market than Red River Shares.

2.5. Risks associated with not accepting the Offer

(a) If Iron Mountain acquires 90% of Red River Shares

If Iron Mountain acquires a Relevant Interest in 90% or more of Red River Shares under the Offer and is entitled to proceed to compulsory acquisition under the Corporations Act, Iron Mountain has indicated that it intends to compulsorily acquire all outstanding Red River Shares and Options. Following compulsory acquisition, it is likely that Iron Mountain will then seek to have Red River removed from the official list of ASX.

(b) If Iron Mountain acquires between 50.1% and 90% of Red River Shares

If Iron Mountain acquires a Relevant Interest in Red River Shares greater than 50% but less than 90%, it will gain effective control of Red River.

Red River Shareholders who have not accepted the Offer will become minority shareholders in Red River. This has a number of possible implications, including the following.

- Iron Mountain will be in a position to cast the majority of votes at a general meeting of Red River. This will enable Iron Mountain to control the composition of the Board and senior management, Red River's dividend policy and the strategic direction of the business of Red River.

- Funding of Red River's exploration activities may involve equity funding. If Red River seeks to raise equity funding this may potentially have a dilutionary effect on non-accepting Red River Shareholders who are unable or unwilling to participate in providing such funding in the future.
- Liquidity of Red River Shares may be lower than at present.
- Iron Mountain could proceed to compulsory acquisition should it become entitled to do so in the future. Therefore, non-accepting Red River Shareholders may still be forced to sell their Red River Shares where, sometime in the future, Iron Mountain becomes entitled to a Relevant Interest in Red River Shares equal to or greater than 90%.
- If the number of Red River Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then Iron Mountain may seek to have Red River removed from the official list of ASX. If this occurs, Red River Shares will not be able to be bought or sold on ASX.
- If Iron Mountain acquires 75% or more of the Red River Shares, it will have sufficient voting power to pass a special resolution at a meeting of Red River Shareholders. This will enable Iron Mountain to, among other things, change Red River's constitution.

(c) If Iron Mountain acquires less than 50% of Red River Shares

Iron Mountain could waive the 50.1% minimum acceptance condition, in which case Iron Mountain could acquire a substantial interest in Red River below 50.1%. This would give Iron Mountain a substantial influence on the conduct of Red River's activities and may have an adverse impact on the liquidity of Red River Shares.

(d) Future for Red River if the Offer fails

Given the current difficult economic climate and Red River's current cash position, if the Offer fails the Independent Directors are of the view that Red River would need to raise capital in the short term, either by way of a capital raising (which may dilute Red River Shareholders) or by way of a divestment of one or more of Red River's current projects.

(e) Exploration risks

You should be aware that by rejecting the Offer in circumstances where Iron Mountain does not acquire all Red River Shares (or if the Offer does not proceed for any other reason), Red River Shareholders will continue to be exposed to the various risks in relation to exploration and potential development of its mining interests.

Red River's future viability as an exploration company, and its aspiration to become a production company, the prospects of which there can be no certainty or forecast, will be dependent on a number of factors, including, but not limited to, the following (which risks also apply in the event the Offer is successful):

- risks inherent in exploration and mining including, among other things, uninsurable risks, successful exploration and exploitation of mineralisation, satisfactory performance of potential mining operations, competent management, title risks to tenements, environmental laws and other legal and regulatory requirements and risks associated with counterparties and contractors;
- increases in the capital costs of project development and the price of inputs to the production process, occurring as a consequence of global economic conditions, delays, demand for resources and other factors;
- risks inherent in mineral resource estimates which are expressions of judgment based on knowledge, experience and industry practice; and
- there can be no assurance that exploration of Red River's mining interests will result in any further upgrade to the existing mineral resources or the discovery of an ore reserve capable of being profitably mined.

The risks outlined above also mean that there can be no assurances as to the future development of a mining operation in relation to any of Red River's mining interests or tenure which Red River may acquire in the future.

(f) General risks

The future viability of Red River is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- the strength of the equity and debt markets in Australia and throughout the world;
- risks associated with the current global economic and political environment;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- the need to obtain additional funding on terms acceptable to Red River. Any additional equity financing may be dilutive to Red River's Shareholders and any debt financing, if available, may involve restrictive covenants, which may limit Red River operations and business strategy;
- financial failure or default by a participant in contractual relationship to which Red River is, or may become, a party;
- insolvency or other failure by any of the contractors or service providers used by Red River in its activities; and
- industrial or other disputes in Australia and elsewhere in the world.

2.6. Risks associated with holding Iron Mountain Shares

As part of the Offer Consideration is Iron Mountain Shares, there are a number of risks that Red River Shareholders should be aware of in relation to holding Iron Mountain Shares. The risks associated with holding Iron Mountain Shares are set out in Part F of the Bidder's Statement and should be read carefully.

2.7. Iron Mountain's intentions in relation to Red River

The general intentions of Iron Mountain in relation to Red River, its business, assets and employees are set out in section 5.2 of the Bidder's Statement. These statements are statements of Iron Mountain's intentions at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

2.8. Possible reasons for not accepting the Offer

Some factors that may lead you to reject the Offer are set out below.

(a) You may disagree with the recommendation of the Independent Directors and/or the conclusion of the Independent Expert.

(b) The Offer Consideration is less than the technical valuation of Red River Shares prepared by the Independent Expert (see paragraph 11.11 of the Independent Expert's Report). However, the Offer Consideration is at a premium to the market price and volume weighted average price of Red River Shares (see section 2.4(a) of this Target's Statement).

(c) Based on your individual circumstances, there may be adverse tax consequences of accepting the Offer.

(d) You may prefer an investment with the specific characteristics of Red River.

(e) You may consider that there are prospects of an improved takeover offer being made in future by Iron Mountain or any other party. However, as set out in section 2.4(f) of this Target's Statement, the Independent Directors are not aware of any other likely superior bid which might be made.

2.9. Taxation

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. Shareholders should obtain and rely on their own taxation advice in relation to the taxation consequences of disposing of their Red River Shares under the terms of the Offer.

2.10. Choices available to you

As a Red River Shareholder, you have the following choices in respect of the Offer:

(a) **you may accept the Offer**, in which case you should follow the instructions set out in section 8 of the Bidder's Statement;

(b) **you may sell your Red River Shares on ASX** (which may be at a higher or lower price than the Offer Consideration), in which case you should instruct your broker when you want to sell; or

(c) **you may choose not to accept the Offer**, in which case you do not need to take any action.

When deciding what to do, you should carefully consider the Independent Directors' recommendation and other important considerations set out in this Target's Statement. If you are in doubt as to how to act, you should consult your independent legal, financial or other professional adviser immediately.

Red River Resources - Miaree Project

3 Additional Information

3.1. About Red River

Red River is a diversified mineral explorer currently focusing on gold and also exploring for copper, lithium, tin, iron ore, tantalite, nickel and platinum group metals in Western Australia. Red River has been listed on the ASX since 15 July 2005.

Red River's active projects include:

(a) Miaree Magnetite Project a 39.75% joint venture interest with Iron Mountain in the flagship Miaree Magnetite Project which contains a magnetite resource (refer ASX release 13/08/12 and the attached Independent Expert's Report) located in the Pilbara region of Western Australia which is prospective for gold and iron. The project comprises 3 exploration licenses (E08/1350, E47/1309 and E47/1707) which cover approximately 25km of the Miaree Magnetite Trend that occurs within the extensive Cleaverville Formation; a geological unit of banded iron formation rich in magnetite.

A summary of the Total Miaree Magnetite Inferred Resource as estimated by independent resource consultants Hackman & Associates Pty Ltd is provided in the table below. Additional technical information in regards to the resource estimation for both the 2008 and 2012 drilling data resources is contained within the Hackman & Associates Pty Ltd Resource Statements provided in Appendices 1 & 2 of the Red River ASX release dated 13 August 2012.

Drilling	Tenements	Inferred Resource (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	P (%)	LOI (%)	Cut-off Fe (%)
2008[1]	E08/1350, E47/1309 E47/1707	177	29.68	3.18	43.80	0.05	1.80	25
2012[2]	E08/1350	109	34.10	1.76	42.27	0.07	-0.82	25
Total Miaree Inferred Resource		**286**	**31.36**	**2.64**	**43.22**	**0.06**	**0.80**	**25**

[1] 48 RC holes for 4229m, Av. Depth = 88m, Vertical resource projection to -125RL

[2] 6 RC holes for 2102m, Av. Depth = 350m, Vertical resource projection to -325RL

Table – Summary of the Total Miaree Magnetite Inferred Mineral Resource at a 25% Fe head grade cut-off.

The Miaree Gold Project is contained primarily within tenement E47/1309. In the past, multiple prospect areas have regularly returned high gold grades from geochemical, rock chip and costean sampling. Subsequent drilling in June 2011 (14 RC holes for 1406m) and an additional RC hole during 2012 into the Bergsma prospect were unable to replicate gold at depth.

(b) Burdett Project - The Burdett Project (Red River 100% interest) covers approximately 157km² and is situated 74km directly north of Esperance and 90km south of Norseman. Red River is targeting the Proterozoic sequence within the Munglinup Gneiss 21km south east of the major north east trending Jerdacuttup fault and 13km north west of the Red Island fault forming the boundary with the Dalyup Gneiss to the south. The southern part of the Norseman gold field lies 60km to the north and the new Sirius Nova/Bollinger nickel copper discovery is situated 170km to the north east within the Albany Fraser Belt. The company believes the structural setting within this license application makes it prospective for base metals and gold.

Toro Energy unsuccessfully explored the region for uranium in 2007. However they intersected anomalous nickel at the bottom of one of 8 holes they drilled which are situated in the northern part of the company's application area. The holes were spaced 800m apart in an east west direction. Red River will investigate these results since no further drilling was carried out in the vicinity of this hole.

The following are the results of the hole G09-03 extracted from the Western Australian Department of Mines and Petroleum open file Annual Report 2008, A079986.

Drill type	Hole ID	Easting	Northing	Depth	Dip
Aircore	G09-03	404142	6347072	63m	-90° (Vertical)

Assay Results Lab ALS Chemex

From (m)	To (m)	Au ppm	Cu ppm	Fe %	Ni ppm	Pb ppm	U ppm	Zn ppm
61	62	0.002	34	6.35	**4310** (0.43%)	4	0.5	200
62	63	0.002	41	4.25	**2023** (0.20%)	21	1.3	175

More recently Anglo Gold Ashanti explored the area for gold 4.8km south of the Toro drilling with aircore drilling and soil geochemistry with no success.

All references to Toro Energy's exploration activities in this section are extracted from the Western Australian Department of Mines and Petroleum open file Annual Report 2008, A079986. All references to Anglo Gold Ashanti's exploration activities in this section are extracted from the Western Australian Department of Mines and Petroleum open file A096550.

(c) **Manjimup Project** - the Manjimup Project (Red River 100% interest) is situated directly east of Manjimup in the south west of Western Australia, covers an area of approximately 91Km^2 and is prospective for gold and base metals. The company will concentrate exploration activities along the east west contact zone between the Yilgarn Craton south west metamorphic granites and gneisses and the Albany/Fraser mobile belt gneisses and schists of the Biranup complex which runs east west through the northern part of the licence. Red River will analyse all historical data, test the area with surface geochemistry and follow up positive areas with geophysical work to define any drill targets.

(d) **Tambellup and Gnowangerup Project** - the Tambellup and Gnowangerup Projects (Red River 100% interest) are located in the south west of Western Australia 100km north of Albany and cover approximately 540km^2. The area is prospective for gold and base metals and is situated near the southern margin of the Western Gneiss Terrain (**WGT**) within the greater Archaean Yilgarn Craton. The WGT consists of orthogneiss with parts of highly metamorphosed and deformed sedimentary and igneous rocks as well as large areas of re-crystallised granite. Notably ten kilometers to the south of the Tambellup tenement several major east-west trending faults and shear zones mark the boundary between the Yilgarn Block and the Albany-Fraser Orogenic Province. This Province consists of Proterozoic gneiss, high-grade metamorphic and metasedimentary rocks of the Stirling Range Formation. Falcon Minerals focused on the area in 2007/8 after identifying regionally elevated Ni-Cu values located to the east of Tambellup from the CSIRO/CRC LEME regional laterite geochemical database for the Western Yilgarn Craton.

Subsequent geochemical soil sampling over the prospective part of the project area defined nine nickel and copper anomalous areas, eight of which fall within Red River's tenement area. They concluded that there appeared to be a mafic source generating the anomalism and recommended a moving loop EM survey to be conducted to better define the targets; this survey was never carried out. Falcon Minerals also identified a low level gold in soil anomaly corresponding with the interpreted position of the Darkan fault. This area is a target for Red River's gold exploration. Before this survey there has been no other reported exploration within the project area and therefore the area is underexplored and is considered "grassroots exploration".

All references to Falcon Minerals' exploration activities in this section are extracted from the Western Australian Department of Mines and Petroleum open file A80467.

(e) **Minigwal Project** - the Minigwal Project (Red River 100% interest) covers 166km^2 and is located 250km to the north west of Kalgoorlie in Western Australia. It is prospective for gold and uranium and encompasses the sand covered south eastward extension of the Laverton Greenstone belt which has produced 25 million ounces of gold to date. The area is under explored and is located on the eastern margins of the Yilgarn Shield, a region which is starting to yield new gold discoveries. Recent reconnaissance soil geochemistry carried out in the region by the Geological Survey of Western Australia (**GSWA**) has shown that modern exploration techniques have the capacity to detect gold and other mineralisation through sand cover and this is also verified by case histories published for the Tropicana gold discoveries further to the east of Minigwal and more recently the Nova nickel copper discovery by Sirius Resources to the south of the project area near Fraser Range. Following on with the GSWA work, Red River has been conducting regional fine fraction soil geochemistry over the exploration licenses with the aim of detecting mineralised greenstone targets under sand cover.

See Red River's exploration update released to ASX on 2 July 2013, a copy of which will be provided to you at no cost upon request.

(f) **Additional Information** - Further information regarding Red River's active projects can be found in the quarterly activities report released to ASX on 30 April 2013.

Red River previously held a 50% joint venture interest with Iron Mountain in the Blythe Project located in the Burnie area of Northern Tasmania that is prospective for magnetite iron, tin and tungsten. On 27 June 2012, Forward Mining Ltd acquired a 100% interest in the Blythe River Project from Red River and Iron Mountain. Red River is entitled to receive milestone payments and royalties from Forward Mining Ltd that are dependent on the success of the Blythe Project.

See Red River's ASX announcement dated 27 June 2012, a copy of which will be provided to you at no cost upon request.

3.2. Publicly available information about Red River

Red River is a "disclosing entity" under the Corporations Act and as such has continuous disclosure and other reporting obligations under the Corporations Act and also under the ASX Listing Rules.

Copies of Red River's announcements are available from the ASX website (see **www.asx.com.au** – Red River's ASX code is 'RVR') and the Red River website (see **www.redriverresources.com.au**). Set out in Appendix A is a list of ASX announcements made by Red River since July 2012.

3.3. Financial position

The most recent financial information regarding Red River is the Company's audited financial statements for the half year period ended 31 December 2012, released to the ASX on 5 March 2013. A copy of this document is available free from Red River on request. The Independent Directors are not aware of any material change to Red River's financial position since 31 December 2012.

Refer to section 4 of the Bidder's Statement which contains the pro-forma financial statements and associated details for Red River and Iron Mountain. In addition, sections 4.6 and 4.7 of the Independent Expert's Report include unaudited financial information for Red River as at 31 May 2013.

3.4. Issued securities

The total number of securities in Red River as at the date of this Target's Statement is:

(a) 69,330,005 fully paid ordinary shares (of which 1,800,000 are already held by Iron Mountain); and

(b) 2,000,000 Options (held by an Associate of Noel Taylor), exercisable at $0.10 each, on or before 28 November 2017.

The Offer extends to Red River Shares issued between 4 July 2013 and the end of the Offer Period on the exercise of Options. The Offer is not an offer for Options. If you hold Options and wish to accept the Offer, you must ensure that your Options are exercised in sufficient time to allow you to be issued with Red River Shares before the end of the Offer Period. You should obtain your own taxation advice before taking any action in regard to your Options.

3.5. Substantial shareholders of Red River

As at the date of this Target's Statement, there were the following top 5 shareholders of Red River.

Substantial Shareholder	Number of Shares	% Shares
B & M Jackson Pty Ltd <The Jackson Super Fund A/C>	6,958,721	10.03%
David Zohar and Julie Zohar <Zohar Super Fund A/C>	5,333,602	7.69%
John Karajas	5,150,000	7.43%
Jansje Ruth Karajas	4,150,000	5.99%
David Alan Zohar	3,762,484	5.86%
Total	**25,354,807**	**37.00%**

In addition, Iron Mountain holds 1,800,000 Red River Shares, representing a 2.6% interest in Red River.

3.6. Directors' interests in Red River securities

As at the date of this Target's Statement, the Directors have the following interests, either directly or indirectly, in Red River Shares and Options.

Director	Shares	% of issued capital	Options
John Karajas	9,300,000	13.41%	Nil
Noel Taylor	Nil	Nil	2,000,000 (held by an Associate)
David Zohar	11,334,888	16.35%	Nil

3.7. Recent dealings by Directors in Red River Shares

Except as set out below, there have been no acquisitions or disposals by Directors of Red River Shares in the four months ending on the date immediately before the date of this Target's Statement.

Director	Acquisition	Disposal
David Zohar	Nil	185,00

3.8. Directors' interests in Iron Mountain

The following Directors have interests in the securities of Iron Mountain (either directly or indirectly).

Director	Shares	% of issued capital	Options
David Zohar	41,109,229	32.05%	30,000,000
John Karajas	4,581,200	3.57%	Nil

There have been no acquisitions or disposals by the Directors of Iron Mountain Shares in the four months ending on the date immediately before the date of this Target's Statement.

3.9. Benefits and agreements

(a) Benefits in connection with retirement from office

No person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Red River or related body corporate of Red River.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer.

(c) Benefits from Iron Mountain

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Iron Mountain which is conditional on, or is related to, the Offer.

(d) Interests of Directors in contracts with Iron Mountain

No Independent Director has any interest in any contract entered into by Iron Mountain.

Mr David Zohar, who is not making a recommendation under this Target's Statement, has the following interests in contracts with Iron Mountain:

Director	Contract	Nature of Director's interest
David Zohar	Services agreement	A right for Mr Zohar's related entity, Swancove Investments Pty Ltd, to be paid a fee in respect of the services performed by Mr Zohar as a director of Iron Mountain.
David Zohar	Indemnity	A right for Mr Zohar to be indemnified by Iron Mountain in respect of all matters arising in relation to the takeover of Aluminex Resources Limited by Iron Mountain in 2009.

3.10. Management of potential conflicts of interest in relation to the Offer

The Directors recognised the potential for conflicts of interest to arise in respect of the Offer in relation to David Zohar, who is also a director of Iron Mountain. Accordingly, the Offer was evaluated by the Independent Directors without the participation of David Zohar.

3.11. Material litigation and disputes

The Independent Directors are not aware of any material legal proceedings, arbitrations or disputes pending or threatened against Red River.

3.12. Potential impact of the Offer on material contracts

None of Red River's material contracts have a change of control clause which will be triggered if Iron Mountain is successful in acquiring control of Red River. Accordingly, the condition of the Offer that Red River obtains all necessary consents or waivers to the change of control under its material contracts is satisfied.

3.13. Transactional expenses

The Offer has resulted in Red River incurring expenses that would not otherwise arise from trading in the current financial year. These expenses include the costs of the Independent Expert and legal fees, Computershare costs and printing and mailing costs associated with the Offer, and are anticipated to be approximately $58,000.

3.14. When you will receive the Offer Consideration if you accept the Offer

The Offer Consideration will not be provided until after the Offer becomes unconditional. If you accept the Offer, you will receive the Offer Consideration on or before the earlier of:

(a) one month after the Offer becomes unconditional; and

(b) 21 days after the end of the Offer Period, provided the Offer has become unconditional.

The date for notification of the status of the conditions is 6 August 2013 (subject to extension in accordance with the Corporations Act).

3.15. Foreign shareholders

If you are an Ineligible Foreign Shareholder and you accept the Offer you will receive the cash component of the Offer Consideration (1.5 cents for each Red River Share that you hold). However, you will not receive the component of the Offer Consideration (1 Iron Mountain Share for every 6 of your Red River Shares). Instead, Iron Mountain will establish a sale facility for those Iron Mountain Shares that you would have been entitled to receive and you will receive the proceeds from the sale of those Iron Mountain Shares. Further details are set out in section 11.7 of the Bidder's Statement.

3.16. No other material information

This Target's Statement is required to include all the information that Red River Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

(a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any Director.

The Independent Directors are of the opinion that the information that Red River Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

(a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);

(b) the information contained in Red River's releases to ASX, prior to the date of this Target's Statement; and

(c) the information contained in this Target's Statement, including the information contained in the Independent Expert's Report.

The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidders' Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors of Red River have had regard to:

(a) the nature of the Red River Shares;

(b) the matters that Red River Shareholders may reasonably be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to Red River Shareholders' professional advisers; and

(d) the time available to Red River to prepare this Target's Statement.

3.17. Consents

The following persons have given and have not, before the date of this Target's Statement, withdrawn their consent:

(a) to be named in this Target's Statement in the form and context in which they are named;

(b) for the inclusion of their respective reports or statements (if any) noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement.

(c) For the inclusion of other statements in this Target's Statement which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included.

Person	Named as	Reports or statements
K&L Gates	Legal advisers to Red River	Nil
Stantons	Independent Expert	Independent Expert's Report and the references to its conclusions in sections 1 and 2.4(c) of this Target's Statement
Computershare Investor Services Pty Limited	Share Registry	Nil
Noel Taylor	Competent Person	Section 3.18 of this Target's Statement
Hackman & Associates Pty Ltd and Leonora Hackman	Competent Person	Sections 3.1(a) and 3.18 of this Target's Statement
Each Director	A Director	Statements attributed to the Directors collectively or individually in this Target's Statement

Each of the above persons:

(a) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX. Pursuant to the Class Order, the consent of persons to whom such statements are attibuted is not required for the inclusion of such statements in this Target's Statement. Any Red River Shareholder who would like to receive a copy of any of those documents (being announcements by Red River to the ASX) may obtain a copy (free of charge) during the Offer Period by contacting the Company's Chief Financial Officer on (08) 9225 6475.

In addition, as permitted by ASIC Class Order 13/523, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

3.18. Competent Person's statement

The information contained in this Target's Statement as it relates to Exploration Targets, Exploration Results and Mineral Resources or Ore Reserves is based on information compiled by the Managing Director of Red River, Mr. Noel Taylor, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr.Taylor is a full-time employee of the company. Mr. Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"(JORC Code). Mr. Taylor consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

The summary of the Total Miaree Magnetite Inferred Resource as set out in section 3.1(a) of this Target's Statement has been prepared by Leonora Hackman. Leonora Hackman is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

3.19. Date

This Target's Statement is dated 31 July 2013, which is the date on which it was lodged with ASIC.

3.20. Approval

This Target's Statement was approved by a resolution of the Independent Directors on 31 July 2013.

Signed for an on behalf of Red River Resources Limited:

....

Noel Taylor, Managing Director and Independent Director

31 July 2013
....

Date

Red River Resources - Miaree Project

4 Glossary of Terms

4.1. Defined Terms

ASIC means the Australian Securities & Investments Commission.

Associate has the same meaning as given in the Corporations Act.

ASX means ASX Limited or the Australian Securities Exchange, as appropriate.

Bidder's Statement means the bidder's statement in relation to the Offer as prepared by Iron Mountain and dated 19 June 2013.

Board means the board of Directors of Red River.

Corporations Act means the *Corporations Act 2001 (Cth).*

Directors means the directors of Red River.

Independent Directors means the Directors, other than David Zohar.

Independent Expert or **Stantons** means Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities.

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Offer is fair and reasonable, and included as Appendix B to the Target's Statement.

Ineligible Foreign Shareholder has the same meaning as given in the Bidder's Statement.

Iron Mountain means Iron Mountain Mining Limited (ACN 112 914 459), being the bidder under the Offer.

Iron Mountain Share means a fully paid ordinary share in Iron Mountain.

Offer means the off-market takeover bid contained in the Bidder's Statement and made by Iron Mountain for all of the Red River Shares (other than Red River Shares already held by Iron Mountain).

Offer Period means the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement.

Offer Consideration means, as at the date of the Target's Statement, 1.5 cents for each Red River Share plus one Iron Mountain Share for every 6 Red River Shares.

Option means an option to subscribe for a Red River Share.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Red River means Red River Resources Limited (ACN 100 796 754).

Red River Share means a fully paid ordinary share in Red River.

Red River Shareholder means a holder of Red River Shares.

Target's Statement means this target's statement lodged with ASIC by Red River.

4.2. Interpretation

(a) Unless specified otherwise, or otherwise required by the context, all words and phrases in this Target's Statement shall have the meanings given to them in the Corporations Act.

(b) Headings are for convenience only and do not affect interpretation.

(c) The following rules apply unless the context requires otherwise:

- (i) the singular includes the plural and conversely;
- (ii) a gender includes all genders;
- (iii) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (iv) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely; and
- (v) a reference to legislation or to a provision of legislation includes a modification or re-engagement of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

Appendix A
ASX Announcements

Dated Lodged	Description
5 July 2012	Change of director's interest notice
19 July 2012	Change of director's interest notice
27 July 2012	Quarterly activities report
27 July 2012	Quarterly cashflow report
13 August 2012	IRM: Miaree magnetite project maiden JORC resource
13 August 2012	Miaree magnetite project maiden JORC resource
14 September 2012	Full year statutory accounts
22 October 2012	Annual report to shareholders
26 October 2012	Notice of general meeting I proxy form
31 October 2012	Quarterly activities report
31 October 2012	Quarterly cashflow report
28 November 2012	2012 AGM presentation
29 November 2012	Results of annual general meeting
3 December 2012	Appendix 3B
3 December 2012	Change of director's interest notice- N Taylor
31 January 2013	Quarterly cashflow report
31 January 2013	Quarterly activities report
5 March 2013	Half year accounts
13 March 2013	Exploration update
25 March 2013	Change of director's interest notice
30 April 2013	Quarterly activities report
30 April 2013	Quarterly cashflow report
6 June 2013	Iron Mountain announcement - intention to make takeover bid
27 June 2013	Iron Mountain announcement – Bidder's Statement
2 July 2013	Iron Mountain announcement – Notice for determining security holders
2 July 2013	Exploration update
12 July 2013	Becoming a substantial holder from IRM
12 July 2013	Amendment – Becoming a substantial holder from IRM
15 July 2013	IRM: Mailing of Bidder’s Statements and Offers confirmed
19 July 2013	Change in substantial holding for IRM
22 July 2013	Change in substantial holding for IRM

Appendix B
Independent Expert's Report

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15 July 2013

The Directors
Red River Resources Limited
Level 7, 231 Adelaide Terrace
PERTH WA 6000

Dear Sirs

RE: RED RIVER RESOURCES LIMITED ("RED RIVER" OR "THE COMPANY") (ABN 35 100 796 754) - INDEPENDENT EXPERT'S REPORT RELATING TO THE TAKEOVER OFFER TO THE SHAREHOLDERS OF THE COMPANY BY IRON MOUNTAIN MINING LIMITED ("IRON MOUNTAIN")

1. Introduction

1.1 We have been requested by the Independent (Non Interested) Directors of Red River to prepare an Independent Expert's Report in accordance with Section 640 of the Corporations Act 2001 ("TCA") to determine whether the proposed off market bid under Part 6.5 of TCA for all the remaining shares in Red River not already held by Iron Mountain ("Takeover Offer") is fair and reasonable to the ordinary shareholders of Red River. The full details of the Takeover Offer are included in the Iron Mountain Bidders Statement dated 19 June 2013 and served on the Company on 27 June 2013. All shareholders of Red River should read the Bidder's Statement of Iron Mountain and the Target's Statement prepared by Red River to fully understand the implications of the Takeover Offer.

1.2 Under the Takeover Offer, Iron Mountain will pay the Red River shareholders (other than Iron Mountain) 1.5 cents for every one (1) Red River share held in Red River along with one (1) Iron Mountain share for every six (6) Red River ordinary shares held (other than for shares held in Red River by Iron Mountain).

1.3 The Directors of Red River are required to issue a Target's Statement in response to the Bidder's Statement, which will include their recommendation as to whether the Red River shareholders not associated with Iron Mountain should accept the Takeover Offer.

1.4 Iron Mountain is a publicly listed company on the Australian Securities Exchange ("ASX") and a common director in that David Zohar ("Zohar") is a director of both Iron Mountain and Red River. Iron Mountain owns 1,800,000 shares in Red River but nil share options in Red River.

Iron Mountain's focus is mineral exploration in Australia. Further information regarding Iron Mountain can be found in section 5.1 of this report. We have not independently verified the information on Iron Mountain.

David Zohar and his spouse Julie Zohar, his daughter Shoshanna Zohar and Swancove Enterprises Pty Ltd, a company controlled by David Zohar and Julie Zohar ("Zohar Group") and other companies deemed to be associated owns, as at 27 June 2013, 41,109,229 shares in Iron Mountain representing approximately 32.05% of Iron Mountain's shares on issue at that date (and Swancove Enterprises Pty Ltd owns 30,000,000 share options in Iron Mountain that are exercisable at 20 cents each, on or before 1 May 2016) and 11,334,888 shares in Red River representing approximately 16.35% of the shares on issue in Red River.

As at 27 June 2013, Red River owns no shares in Iron Mountain and no share options in Iron Mountain (there are a total of 32,000,000 share options exercisable at 20 cents each, on or before 1 May 2016 and 5,250,000 share options in Iron Mountain that are exercisable at 10 cents each, on or before 28 November 2017).

1.6 Further information regarding Red River can be found in the Target's Statement at "Section 3 - "Additional Information" and the Company's website at www.redriverresources.com.au.

1.7 In assessing the Takeover Offer for Red River, we have had regard to relevant Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111: Content of Expert Reports ("RG 111"). RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect the Takeover Offer.

1.8 An offer (in this case the Takeover Offer made by Iron Mountain through the takeover bid for Red River) is fair if the value of the offer price or consideration is equal to or more than the value of the securities the subject of the Takeover Offer (for the ordinary shares in Red River not already owned by Iron Mountain). An offer is reasonable if it is fair. In this situation, we are reporting on the proposals to the ordinary shareholders of Red River as to whether the proposed Takeover Offer is fair and reasonable to the ordinary shareholders not associated with Iron Mountain (this would include the Zohar Group).

1.9 The Independent Directors of Red River have requested Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities ("SIS") to prepare an Independent Expert's Report providing an opinion on whether the Takeover Offer to the Red River shareholders by Iron Mountain is fair and reasonable to Red River shareholders not associated with Iron Mountain. The report should not be used for any other purpose. Our independent expert's report will be included in the Target's Statement to be issued to the shareholders of Red River on or about 31 July 2013.

1.10 Apart from this introduction, this report includes the following:

- Summary of opinion
- Implications of the proposed Takeover Offer by Iron Mountain
- Profile of Red River
- Profile of Iron Mountain
- Methodology
- Valuation of Red River and Iron Mountain shares
- Value and Fairness of Consideration Compared to Value of Assets Acquired
- Notionally Combined Equity
- Reasonableness of the Takeover Offer to Red River shareholders
- Conclusion as to Fairness and Reasonableness of the Takeover Offer
- Sources of information
- Appendices A and B (the Independent Valuation Report of Agricola Mining Consultants Pty Ltd as noted below) and our Financial Services Guide.

2. Summary Opinion

2.1 In determining the fairness and reasonableness of the Takeover Offer relating to the Red River shareholders we have had regard to the guidelines set out by ASIC in its Regulatory Guide 111. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). An offer is "fair" if the value of the consideration offered is equal to or greater than the value of the securities that are subject to the offer and an offer is "reasonable" if it is "fair", or where it is not fair, it may still be "reasonable" after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

Our report relating to the Takeover Offer by Iron Mountain regarding Red River shareholders is concerned with the fairness and reasonableness of the Takeover Offer. The advantages, disadvantages and other factors determined to arrive at our opinions are outlined in detail under Section 11 of this report.

2.2 **After taking into account all of the factors noted in this report and in the absence of a more superior Offer, we are of the opinion that on an adjusted net asset value basis of valuing the Red River shares, the proposed Takeover Offer by Iron Mountain to the Red River shareholders not associated with Iron Mountain is <u>not fair but is reasonable</u> to the shareholders of Red River as at the date of this report.**

If we considered only share market values in June and July 2013 for both Red River and Iron Mountain (plus the cash part of the Takeover Offer), the Takeover Offer by Iron Mountain would be considered fair. SIS's opinion should not be construed to represent a recommendation as to whether or not Red River shareholders should accept the Takeover Offer by Iron Mountain. Shareholders uncertain as to the impact of accepting the Takeover Offer should seek separate advice from their financial and/or taxation adviser.

2.3 The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the Independent Valuation Report of Agricola Mining Consultants prepared by Malcolm Castle ("Castle Valuation Report") dated 8 July 2013 (Appendix B to this report).

3. Implications of the proposed Takeover Offer by Iron Mountain

3.1 As at 12 July 2013, there are 69,330,005 ordinary shares on issue in Red River, all of which are quoted on the Australian Securities Exchange ("ASX") and there are approximately 1,148 shareholders.

3.2 As at 1 July 2013, the top eight registered fully paid shareholders of Red River as disclosed in the top 20 shareholder report are as follows:

	No. of fully paid shares	% of issued fully paid shares
B & M Jackson Pty Ltd	6,958,721	10.03
David and Julie Zohar	5,333,602	7.69
John Karajas	5,150,000	7.43
Janse Karajas	4,150,000	5.99
David Alan Zohar	3,762,484	5.43
Iron Mountain Mining Limited	1,800,000	2.60
Geotech International Pty Ltd	1,296,496	1.87
Julie Zohar	1,030,855	1.49
	29,482,158	42.52

The top 20 shareholders at 1 July 2013 owned approximately 52.22% of the ordinary issued capital of the Company.

Details on the Directors' interests in Red River are outlined in the Target's Statement under the heading of Section 2.3- "Directors' Recommendations and Intentions".

3.3 According to the Bidder's Statement, Iron Mountain is an Australian public listed company. **The effect of the Takeover Offer by Iron Mountain for Red River is that Red River would become a wholly owned subsidiary of Iron Mountain.**

4. Profile of Red River - Background

4.1 Principal Activities

Red River is listed on the ASX. Its focus is mineral exploration in Australia. Its more significant areas of interest are:

- The Miaree Iron Ore Project - this project currently comprises of three exploration licences in the Karratha area and is prospective for iron ore. The project is in joint venture with Iron Mountain as to 60.25% and Red River as to 39.75%. The tenements contain a maiden magnetic (magnetite) inferred resource estimation (as previously announced to the market) of approximately 286 million tonnes at 31.36% Fe;
- The Miaree Gold Project - this is a gold prospect contained within E47/1309 in the Karratha area;
- The Burdett Project – this project is located approximately 47km north of Esperance in WA and 90km south of Norseman. The project is prospective for various base metals, including nickel and copper;
- The Minigwal Project – this project is prospective for gold and is located approximately 250km northeast of Kalgoorlie in WA;
- The Tambellup, Tambellup (North) and Gnowangerup Projects – – these projects are prospective for gold and are located in the south west area of WA. The North prospect is an application only; and
- The Manjimup Project – this is an application for an area of approximately 91square kilometres in the Manjimup area of WA. Targets are for gold and base metals.

In addition, on 27 June 2012, Iron Mountain announced the sale of the Blythe River Iron Ore Project ("BRIOP") in Tasmania. The BRIOP was a 50/50 joint venture with Red River. The BRIOP was sold by Iron Mountain and Red River to Forward Mining Limited ("Forward"). An initial payment of $1,300,000 ($650,000 to each of Iron Mountain and Red River) has been made and the following contingent payments are due by Forward:

- Payment of $1,000,000 ($500,000 each) upon the first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the first anniversary first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the second anniversary first shipment of iron ore extracted from the BRIOP tenements; and
- A 1.5% royalty on the gross Free on Board revenue from all shipments of iron ore from the BRIOP tenements.

In the announcement to the ASX on 27 June 2012, Iron Mountain stated "the company is confident that the Blythe Project has the potential to be commercially developed by Forward Mining Ltd and thus deliver all outstanding milestone payments as well as an ongoing royalty revenue stream" - End of Quote. In addition, it is noted that on 10 October 2012, The Advocate newspaper in Tasmania reported that Forward had lodged a draft Notice of Intent for a proposed mining operation with both state and federal regulatory authorities. We cannot give any assurance that the milestone payments will be paid by Forward. The BRIOP Project is now known as the Rogetta Project.

It is noted that Iron Mountain is associated with Red River via David Zohar as David Zohar is a director of both companies. In addition, as at 1 July 2013, the Zohar Group owns approximately 32.05% of Iron Mountain (including the shareholding held by Elysium Resources Limited- formerly called United Orogen Limited, Eagle Nickel Limited and Actinogen Limited) and approximately 16.35% of Red River. In effect, the Zohar Group has some influence over the operations of Red River.

Red River also owns 500,000 shares in Eagle Nickel Limited that as at 24 June 2013, based on a last share price of an Eagle Nickel Limited share as traded on ASX had a market value of approximately $1,500.

4.2 Share Options

Red River has 2,000,000 unlisted share options exercisable at 10 cents each on or before 28 November 2017. No Takeover Offer is to be made to the share option holders.

4.3 Directors of Red River

The directors of Red River are David Zohar, Noel Taylor and John Karajas.

4.4 State of Affairs

There were no significant changes in the state of affairs of the Company during the half year ended 31 December 2012. Details of all announcements made by Red River are set out in Annexure A of the Target's Statement and copies are available from Red River's website www.redriverresources.com.au.

4.5 Change in Consolidated Net Worth

During the eleven month period ended 31 May 2013, the shareholders equity decreased by approximately $547,000 to a balance totalling approximately $501,000, primarily due to the loss after tax incurred in the eleven months to 31 May 2013 of approximately $558,000 and an increase in share based payments reserves of approximately $11,000.

4.6 Financial Position

Set out below is a condensed unaudited statement of financial position of Red River as at 31 May 2013.

	Red River Unaudited 31 May 2013 $000's
Current Assets	
Cash	526
Receivables	4
Prepayments	16
	546
Non Current Assets	
Fixed assets	26
Available for sale financial assets	1
	27
Total Assets	573
Current Liabilities	
Trade and other payables	54
Employee entitlements	18
Total Current Liabilities	72
Total liabilities	72
Net Assets	501
Equity	
Issued capital	8,022
Reserves	51
Accumulated losses	(7,572)
Net Equity	501

The unaudited adjusted book net tangible asset backing as at 31 May 2013 equates to approximately 0.72 cents per share based on 69,330,005 ordinary shares on issue. Due to cash outlays post 31 May 2013, the book net asset backing at the date of this report is substantially lower (refer paragraph 7.2 for an estimated net asset position).

4.7 Financial Performance

The summarised consolidated statements of profit and loss and comprehensive income of Red River for the periods ended 30 June 2011, 30 June 2012 and 31 May 2013 are set out in the table below.

	Unaudited 11 months ended 31 May 2013 $000	Audited 12 months ended 30 June 2012 $000	Audited 12 months ended 30 June 2011 $000
Interest Income	24	32	62
Sales revenue	-	32	150
Option/ miscellaneous income	12	51	29
Revenue from continuing operations	36	115	241
Other income			
Profit on sale of projects	-	650	-
Total other revenue	-	765	241
Administration	169	183	218
Exploration costs	43	113	236
Depreciation	6	6	9
Employment costs	371	366	540
Impairment of available for sale investments	5	5	8
Profit/(loss) before income tax	(558)	92	(770)
Income tax expense benefit	-	-	-
Profit/(loss) after income tax	(558)	92	(770)
Other comprehensive income- changes in fair value of available for sale financial assets	-	-	(4)
Total comprehensive income/ (loss)	(558)	92	(774)

In assessing Red River's financial position, Red River's projects and the various stages of exploration and evaluation, Red River is unlikely to be in a position to pay dividends on the ordinary shares in the foreseeable future.

5. Profile of Iron Mountain - Background

5.1 Iron Mountain is listed on the ASX. Iron Mountain's focus is mineral exploration in Australia. Its more significant areas of interest are:

- Wandoo Project in WA - A royalty of 75 cents per dry metric tonne on future bauxite production of bauxite ore transported from the Wandoo Project tenements is payable within 30 days of the end of each quarterly reporting period;
- Miaree Project in WA - Iron ore and gold targets. Iron Mountain was earning a 70% interest from Red River Resources Limited but has ceased to earn any further interest and as at 30 June 2013 has a 60.25% interest;
- Mt Richardson in WA – 2% royalty right on iron ore;
- Treasure JV Project – Mithril Resources Ltd was earning a 60% interest but has withdrawn and is now a 100% owned project of the Iron Mountain Group;
- Mt Elvire Project – iron ore prospect near Port Hedland;
- Heavy Mineral Sands Project – mineral sands prospects in Victoria; and
- Golden Camel Project – gold prospect in Victoria- Mining Licence MIN5548 (announced an indicated and inferred resource of 236,000t at 2.5g/t o 17 July 2012).

In addition, on 27 June 2012, Iron Mountain announced the sale of the Blythe River Iron Ore Project ("BRIOP") in Tasmania. The BRIOP was a 50/50 joint venture with Red River Resources Limited ("Red River") (another ASX listed company associated with the Zohar Group). The BRIOP was sold by Iron Mountain and Red River to Forward Mining Limited ("Forward"). An initial payment of $1,300,000 ($650,000 to each of Iron Mountain and Red River) has been made and the following contingent payments are due by Forward:

- Payment of $1,000,000 ($500,000 each) upon the first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the first anniversary first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the second anniversary first shipment of iron ore extracted from the BRIOP tenements; and
- A 1.5% royalty on the gross Free on Board revenue from all shipments of iron ore from the BRIOP tenements.

Refer paragraph 4.1 of this report for further details. We cannot give any assurance that the milestone payments will be paid by Forward.

During the year ended 30 June 2013, Iron Mountain made a takeover offer for all of the shares in Elysium Resources Limited (then called United Orogen Limited) ("ERL") a listed ASX company in which the Zohar Group exerted control. Iron Mountain ended up owning 86,099, 288 shares (79.12%) in ERL. On 18 February 2013, Iron Mountain sold 60,000,000 of the ERL shares to third parties for $400,000. The sale resulted in Iron Mountain reducing its equity interest in ERL from a majority stake of approximately 79.12% (86,099,288 shares in ERL) to approximately 23.99% (26,099,288 shares in ERL).

ERL was a shareholder in Iron Mountain to the extent of 23,732,341 shares and subsequently cancelled such shares at 2 cents each for $474,647 less an outstanding $75,000 plus interest secured loan owing by ERL to Iron Mountain. The 30,000,000 share options in Iron Mountain that were owned by ERL that have an exercise price of 20 cents each, on or before 1 May 2016 were sold to Swancove Enterprises Pty Ltd at 0.1 cents each for a total of $30,000.

Thus, as at 12 July 2013, Iron Mountain owns 26,099,288 shares (approximately 23.99%) in ERL but nil share options in ERL. Based on a last share price (24 June 2013) of an ERL share as traded on ASX at 1.3 cents the investment in ERL by Iron Mountain has a market value of approximately $339,290. ERL and has obtained approval to issue 17,000,000 share options to the current directors of ERL. The interests of Iron Mountain and the Zohar Group no longer have a Board position on ERL's Board of Directors.

Iron Mountain owns 1,800,000 shares in Red River.

5.2 The directors of Iron Mountain are Simon England, Dr Zhukov Pervan, Robert Sebek and David Zohar.

5.3 As at 12 July 2013 following the cancellation of 23,732,341 shares in Iron Mountain owned by ERL, there are 128,247,799 ordinary shares on issue in Iron Mountain (of which all shares are quoted on ASX) with approximately 2,701 shareholders as at 1 July 2013.

5.4 As at 1 July 2013, the top six fully paid registered shareholders of Iron Mountain are believed to be:

	No. of shares	**% interest in shares**
Swancove Enterprises Pty Ltd	9,240,500	7.21
David Alan Zohar	7,568,976	5.90
Julie Zohar	6,300,001	4.91
Paul Winston Atkins	4,715,633	3.68
Julie Zohar	4,000,001	3.12
David Alan Zohar	3,200,882	2.50
John Karajas	3,200,000	2.50
	38,225,993	29.82

The top 20 shareholders at 1 July 2013 owned approximately 48.64% of the ordinary issued capital of Iron Mountain. The Zohar Group owns approximately 32.05% of the issued capital of Iron Mountain at that date.

5.5 As at 12 July 2103, there are 32,000,000 share options outstanding in Iron Mountain, exercisable at 20 cents each, on or before 1 May 2016. Swancove Enterprises Pty Ltd owns 30,000,000 of such share options. In addition, there are 5,250,000 share options exercisable at 10 cents per share, on or before 28 November 2017.

6. Methodology

6.1 Criteria for assessment of fairness and reasonableness

In forming our opinion as to whether the Red River Takeover Offer by Iron Mountain is in the best interest of the shareholders of Red River, we have considered the following definitions of "fair" and "reasonable" outlined in RG 111 issued by the Australian Securities and Investments Commission.

- an offer is "fair" if the value of the offer price or consideration being offered is equal to or greater than the value of the securities that are the subject of the offer; and
- an offer is "reasonable" if it is fair, or where it is "not fair", it may still be "reasonable" after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

6.2 Under these definitions, the Takeover Offer for all of the ordinary shares in Red River would be considered fair and reasonable to the shareholders of Red River and in the best interests of all such shareholders if the cash and share consideration under the Takeover Offer is an amount that is equal to, or greater than, the assessed value of the ordinary shares in Red River being acquired via the Takeover Offer.

6.3 Valuation Methodology – Red River

In assessing the value of Red River we have considered a range of valuation methods. RG 111 states that it is appropriate for an independent expert to consider various methods of valuation. The valuation methodologies we have considered in determining a theoretical value of a Red River share are noted below.

6.3.1 Capitalisation of Future Maintainable Earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data. The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives. The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

6.3.2 Discounted Future Cash Flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks. A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate. DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

6.3.3 Net Tangible Asset Value on a Going Concern Basis

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimate the market values of the net assets of an entity, but do not take into account any realisation costs. Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life.

All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

6.3.4 Quoted Market Basis

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

6.3.5 Alternative Takeover Offer

Where any recent genuine offers have been received for the shares being valued it is appropriate to consider those offers in determining the value of the shares. In considering any alternative offers it is necessary to assess the extent to which the alternative offers are truly comparable and to make adjustments accordingly.

7. Valuation of Red River Shares

7.1 Valuation Method Adopted for Red River

The preferred valuation method used to value the shares of Red River is the net asset value method although consideration has also been given to the share price at which Red River shares have transacted in the one month and three month period before the announcement of the Takeover Offer. In order to determine the net asset value of Red River, we have instructed an independent technical expert, Malcolm Castle of Agricola Mining Consultants Pty Ltd specialising in the valuation of mineral assets to provide a range of values for Red River's mineral assets ("the Castle Valuation Report"). The Castle Valuation Report dated 8 July 2013 is appended to this report as Appendix B.

The valuation of a target should be based upon a 100% interest in that target which should include a premium for control.

We have not considered the FME and DCF methods as appropriate to value the shares of Red River due to the lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity.

It is possible that a potential bidder for Red River could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no other current bids in the market place (other than the bid by Iron Mountain), thus the use of this valuation method is not relevant for the purposes of this report. There is always the possibility of another bid emerging however to 8 July 2013 no other Takeover Offer has been made.

We set out in section 7.3 a summary of the fully paid share prices of Red River trading on ASX (on extremely low volumes) since January 2013.

7.2 Adjusted Net Asset Value of Red River Shares

We set out below Red River's unaudited net assets as at 31 May 2013 based on Red River being a going concern. The low, preferred and high valuation figures have been adjusted for the technical valuations of the mineral tenement interests of Red River and estimated income and expenditures to 30 September 2013, as noted below. As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. We have been advised that Red River has not been involved in any significant (material) transactions subsequent to 31 May 2013 not already referred to in this report or the Target's Statement.

	Ref	Unaudited 31 May 2013 $000	Low Valuation $000	Preferred Valuation $000	High Valuation $000
Current Assets					
Cash assets	7.2.1	526	326	326	326
Trade and other receivables/prepayments		20	20	20	20
Total Current Assets		546	346	346	346
Non -Current Assets					
Plant and equipment		26	26	26	26
Available for sale financial assets		1	1	1	1
Interest in mineral tenements	7.2.6	-	2,300	2,700	3,200
Total Non Current Assets		27	2,327	2,727	3,227
Total Assets		573	2,673	3,073	3,573
Current Liabilities					
Trade and other payables		54	54	54	54
Provisions		18	18	18	18
Total Current Liabilities		72	72	72	72
Total Liabilities		72	72	72	72
Net Assets		501	2,601	3,001	3,501
Shares on Issue:		69,330,005	69,330,005	69,330,005	69,330,005
Value of a Red River Share (in cents)		0.72	3.75	4.32	5.04

The unaudited 31 May 2013 contributed equity is disclosed at approximately $8,022,000, accumulated losses are approximately at $7,572,000 and reserves approximate $51,000 with total net assets of approximately $501,000. Thus the net asset (book value) backing per fully paid share as at 31 May 2013 was approximately 0.72 cents per share. On an adjusted fair value basis, the technical value of a Red River share may fall in the range of 3.75 cents to 5.04 cents with a preferred technical value of approximately 4.32 cents (but being a company with virtually no cash to spend on exploration and administration).

The following further adjustments were made to the 31 May 2013 (as adjusted) unaudited consolidated statement of financial position (balance sheet) of Red River to arrive at the range of valuations.

7.2.1 The cash balance was reduced to reflect the forecasted administration, corporate and exploration expenses of approximately $200,000 for the period 1 June 2103 to 30 September 2013.

7.2.2 The investments in available for sale assets (investments in other ASX listed companies) has been adjusted to account for the value of the investments as last traded on the ASX as at 24 June 2013. This was reflected in the unaudited 31 May 2013 statement of financial position. Red River also owns 500,000 shares in Eagle Nickel Limited, a company associated with the Zohar Group.

7.2.3 Deferred exploration expenditure is adjusted to reflect the values indicated by the Castle Valuation Report. Agricola Mining Consultants Pty Ltd was commissioned by us in July 2013 to provide a market valuation of Red River's mineral assets in order to assist us in assessing the market value of

Red River when considering the Takeover Offer by Iron Mountain. Agricola Mining Consultants Pty Ltd (author Malcolm Castle) has provided three market indications as to the potential value of the mineral projects, which have been disclosed in the table above. Accordingly, the consolidated statement of financial position has been adjusted to reflect the valuation ranges.

7.2.4 There have not been any other material changes in the values of other assets.

7.2.5 We have used and relied on the Castle Valuation Report on the Red River mining tenements and have satisfied ourselves that:

- Agricola Mining Consultants Pty Ltd is a suitable geological consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the author of the report, Mr Malcolm Castle is suitably qualified and experienced);
- Agricola Mining Consultants Pty Ltd and Malcolm Castle are independent from Red River and Iron Mountain; and
- Agricola Mining Consultants Pty Ltd and Malcolm Castle have employed sound and recognised methodologies in the preparation of the Castle Valuation Report on the Red River tenements.

7.2.6 The Castle Valuation Report noted that that the range of fair values for the mineral assets of Red River is in the range of:

	Low	Preferred	High
	$	$	$
Miarree	1,920,000	2,290,000	2,660,000
Other	380,000	440,000	500,000
	2,300,000	2,730,000	3,160,000

The Castle Valuation Report has rounded these to a low $2,300,000, a preferred of $2,700,000 and a high of $3,200,000.

7.2.7 The above table (paragraph 7.2) indicates the technical net asset value of a Red River share is between 3.75 cents and 5.04 cents, with a preferred value of 4.32 cents per Red River share. <u>However, Red River has little cash and in the absence of a new capital raising the Company may not survive being a going concern</u>.

7.3 Quoted Market Price Basis – Red River Share Price

7.3.1 In addition to the adjusted net asset valuation of Red River shares in Section 7.2 of this report, we normally consider the quoted market price of a share where the shares are quoted.

We set out below a summary of the fully paid share prices of Red River trading on ASX (on extremely low volumes) since January 2013 to 5 June 2013, the day before the announcement of the Takeover Offer by Iron Mountain.

2013	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
January	2.0	1.6	2.0	339
February	2.1	1.7	2.1	312
March	2.5	1.7	1.7	1,147
April	1.7	1.5	1.5	403
May	1.6	1.1	1.1	560
June (to 5th)	1.0	1.0	1.0	11

(i) In May 2013, the shares in Red River only traded on 10 trading days (4 trading days in April 2013, 8 trading days in March 2013, 4 trading days in February 2013 and 4 trading days in January 2013).

7.3.2 The volume of trades in Red River shares is extremely low and the share price can be affected by relatively small volumes. However, Red River is a listed entity and it would be remiss not to refer to the share prices in evaluating the fairness of the proposed Takeover Offer by Iron Mountain. It is noted that the adjusted book net book asset backing per share as at 31 May 2013 approximates 0.72 cents (and approximately 0.43 cents after allowing for the estimated cash movements to 30 September 2013 but ignoring the technical range of values of the mineral interests) but with a company that has minimal working capital and has an urgent need to raise new working capital to continue in existence. The last sale share price of a Red River share trading on ASX was on 3 July 2013 and the closing price was 1.3 cents (1,000 shares traded). Between 6 June 2013 and 12 July 2013, the share price of a Red River share as traded on ASX has been between 1.1 cents and 1.5 cents (753,000 shares traded).

7.3.3 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of Red River, current liquidity is not strong and it is noted that cash and receivables as at 31 May 2013 (as adjusted) totalled $530,000 whilst trade creditors and other liabilities totalled $72,000. The cash position is weak and the Company requires an urgent inflow of additional funds. Based on preliminary cash flow forecasts, Red River will in the absence of a capital raising or selling some or all of its projects, run out of money in early 2014. Arguably, the quoted market value of a Red River share lies in the range of 1.1 cents to 1.5 cents but this price could not be sustained unless the Company raises further funds. In the absence of sufficient cash resources, the Company cannot continue an exploration programme and meet on-going working capital requirements. The share price would drift downwards until cash is received. However, in order for a quoted market price to be a reliable indicator of a company's value, that company's shares must trade in a liquid and fully informed market. Trading in Red River's shares is quite illiquid.

7.3.4 The future value of a Red River share will depend upon, inter alia:

* The successful exploitation of the current mineral assets of Red River;
* The state of the gold, iron ore and base metal markets (and prices) in Australia and overseas;
* The cash position of Red River;
* The state of Australian and overseas stock markets;
* Membership, quality and control of the Board and management of Red River;
* General economic conditions; and
* Liquidity of shares in Red River.

7.4 Conclusion on the Value of Red River Shares

7.4.1 In Sections 7.2 and 7.3 of our report we have discussed the adjusted net asset value and quoted market prices of Red River shares trading on ASX. These values are summarised below:

	Low value per share Cents	Preferred value per share Cents	High value per share Cents
Adjusted Net Asset Value basis (preferred basis) (Section 7.2)	3.75	4.32	5.04
Quoted Market Price basis (cents) (Section 7.3)	1.10	1.30	1.50
Off Market Bid by Iron Mountain (refer paragraph 8.7 below)	1.83	1.85	2.00

If we apply a control premium of between 20% and 30% (generally premiums offered on takeovers for small cap mineral companies are in the range of 20% to 30% although premiums can be less or more), then based on a market price of an Red River share, the adjusted Red River share price to reflect the premium may be in the range of:

20% premium 1.32 cents to 1.80 cents (preferred, 1.44 cents)
30% premium 1.43 cents to 1.95 cents (preferred, 1.56 cents)

However, it should be noted that our preferred methodology is not a market based methodology (as noted above) due to the thinness of trades in Red River shares as traded on ASX.

7.4.2 In assessing the reasonableness of the Takeover Offer by Iron Mountain, we have considered the share prices of Red River share transactions as a guide as to reasonableness or otherwise. However the number of shares transacted on market has been low and the prices are not necessarily indicative of a market price. It is considered more suitable to assess a target's underlying technical value in assessing whether a Takeover Offer is fair and reasonable. Therefore, it is considered appropriate to use the adjusted technical net asset value for Red River, ranging from 3.75 cents to 5.04 cents per share, with a preferred value of 4.32 cents per share (assumes the Company is a going concern).

Some shareholders may consider that technical values are just that and that a market based approach is more suitable. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Red River and other parties, including dealings with Iron Mountain. We also note it is not the present intention of the Directors of Red River to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical.

7.4.3 The shareholders', existing and future, must acquire or sell shares in Red River based on the market perceptions of what the market considers a Red River share to be worth. The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years. However we note that as the shares are illiquid and the Zohar Group controls approximately 16.35% of the Red River shares (top 20 shareholders that includes the Zohar Group and other Red River directors), a reliable market value is not readily ascertainable.

8. Valuation of Shares in Iron Mountain

8.1 We are unable to value Iron Mountain on a net asset backing basis as we do not have access to the books and records of Iron Mountain, in particular information in relation to exploration and evaluation assets on which an independent specialist geologist's valuation can be performed. In any event, the Takeover Offer by Iron Mountain for all of the Red River shares it does not own is 1.5 cents cash for every one (1) Red River share held and partly on a share swap basis on the ratio of one (1) Iron Mountain share for every six (6) Red River shares. Red River shareholders would be receiving shares and 1.5 cents per share cash and thus we have chosen to use the quoted market price methodology along with accounting for the 1.5 cents per Red River share cash to be paid by Iron Mountain.

8.2 Iron Mountain is an ASX listed company and therefore the quoted market price method is considered an appropriate valuation method. When assessing non-cash consideration, in control transactions, RG 111.31 suggests that a comparison should be made between the values of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and
(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if the quoted market price of securities is used to value the offered consideration, then we must consider and comment on:

(a) the depth of the market for those securities;
(b) the volatility of the market price; and
(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

RG 111.34 states that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued assuming a notionally combined entity. The comparison should include the assets and liabilities of the target and the dilution effect of the acquisition on the target's earnings, asset backing and dividends.

If the Takeover Offer is accepted, we note that the Red River shareholders will not hold a majority of the merged entity (however, the Zohar Group would have an approximate 30.82% interest in the merged entity assuming 100% ownership of Red River by Iron Mountain. Notwithstanding that we are unable to value Iron Mountain on a net asset backing basis as we do not have access to the books and records of Iron Mountain, in particular information in relation to exploration and evaluation assets on which an independent geologist's valuation can be performed, we have combined the assets and liabilities of both Iron Mountain and Red River and taken into account the dilution effect of the Takeover Offer to obtain a value per share of the notionally combined entity.

8.3 We set out below a summary of the fully paid share prices of Iron Mountain trading on ASX since January 2013 to 5 June 2013, the day before the announcement of the Takeover Offer of Red River.

2013	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
January	3.1	2.5	3.1	196
February	5.3	3.2	5.3	1,923
March	5.5	4.9	4.9	421
April	4.0	3.3	3.3	380
May	3.0	2.6	3.0	983
June (to 5th)	2.3	2.3	2.3	25

8.4 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. Arguably, the market value of an Iron Mountain share based on trades over the last three months' generally lies in the range of 2.3 cents to 4.0 cents (shares fell after March 2013 with no significant announcements made except for the Takeover Offer on 6 June 2013). Between 6 June 2013 and 9 July 2013, the share price of an Iron Mountain share as traded on ASX has been between 2.0 cents and 2.4 cents (approximately 1,164,000 shares traded).

We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Iron Mountain and other parties. We also note it is not the present intention of the Directors of Iron Mountain to liquidate the company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Iron Mountain based on the market perceptions of what the market considers an Iron Mountain share to be worth. The market has either generally valued the vast majority of junior/mid size mineral exploration and development companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Iron Mountain shares (on low volumes) and the market is kept fully informed of the activities of Iron Mountain. The market has ascribed a current value as noted above.

8.5 However, in order for a quoted market price to be a reliable indicator of a company's value, that company's shares must trade in a liquid and fully informed market. Trading in Iron Mountain's shares is not high and like Red River there are days (maybe not as often) when no shares are traded on ASX. Normally a "deep" market is where shares in a company traded on a recognised exchange exceeds 1% of a company's securities traded on a weekly basis, regular trading in a company's shares occur, the spread is sufficient so that a single trade does not affect significantly the market capitalisation of a company and there is no significant unexplained movements on share prices. This has not occurred in relation to Iron Mountain as it is a junior exploration company where many of the shares are tightly held by a small number of shareholders including the Zohar Group and those associated with other directors or the original promoters of Iron Mountain. Notwithstanding the lack of a "deep" market, we believe that it is appropriate to use quoted market values (over the past few months) to ascertain the "value" of Iron Mountain's shares for the purposes of this report.

8.6 The future value of an Iron Mountain share will depend upon, inter alia:

* The successful exploitation of the current mineral assets of Iron Mountain;
* The state of the gold, iron ore and base metal markets (and prices) in Australia and overseas;
* The cash position of the Iron Mountain Group;
* The realisable values of Iron Mountain's share investments in ERL, Eagle Nickel and Red River Resources;
* The state of Australian and overseas stock markets;
* Membership, quality and control of the Board and management of Iron Mountain;
* General economic conditions; and
* Liquidity of shares in Iron Mountain.

8.7 Our assessment is that a range of values for Iron Mountain' shares based on market pricing, after disregarding post announcement pricing, is between 2.3 cents and 3.0 cents. As noted above, the consideration for the Takeover Offer is that Red River shareholders will receive 1.5 cents cash for every one (1) Red River share held plus receive one (1) Iron Mountain shares for every six (6) Red River share held. The value of the consideration offered is shown below:

	Low	High
Market value per Iron Mountain share	2.3 cents	3.0 cents
Number of shares offered as consideration	1 for 6	1 for 6
Value of Share Consideration offered to the Shareholders of Red River	0.383 cents	0.50 cents
Value of Cash Consideration offered to the Shareholders of Red River	1.50 cents	1.50 cents
Total Value of the Cash and share Consideration offered to the Shareholders of Red River	**1.883 cents**	**2.0 cents**

Using the lowest Iron Mountain share price since the Takeover Offer announcement on 6 June 2013 (2.0 cents), the value of the consideration offered would equate to 1.833 cents per Red River The last sale price of an Iron Mountain share trading on ASX as at 9 July 2013 was 2.1 cents and thus this would equate to 1.85 cents per Red River share.

8.8 We also set out an unaudited consolidated statement of financial position of Iron Mountain as at 31 May 2013 adjusted to reflect the market values of share investments in various listed companies based on the last share price of such companies as traded on ASX as at 2 July 2013, adjusting for estimated cash operating costs of $850,000 and depreciation on plant of $25,000 from 1 June 2013 to 30 September 2013.

	Iron Mountain Unaudited Adjusted 31 May 2013 $000
Current Assets	
Cash assets	4,334
Trade and other receivables	37
Assets held for resale	-
Total Current Assets	4,371
Non -Current Assets	
Receivables/bonds	30
Property, plant and equipment	1,452
Deferred exploration expenditure	-
Investments accounted for using the equity accounting method	339
Available for sale financial assets	47
Total Non Current Assets	1,868
Total Assets	6,239
Current Liabilities	
Trade and other payables	253
Provisions	48
Total Current Liabilities	301
Total Liabilities	301
Net Assets	5,938
Shares on Issue	128,247,799
Value of a Iron Mountain Share (in cents)	4.63

9. Notionally Combined Entity

9.1 In the table below as an alternative valuation methodology, we have combined the assets and liabilities of both Red River and Iron Mountain and taken into account the dilution effect if the Takeover Offer is accepted to obtain a value per share of the notionally combined entity. This value represents the value per share that Red River shareholders will receive if the Takeover Offer is successful. The Low, Preferred and High valuations include the values of mineral projects of Red River as per the Castle

Valuation Report but the figures for Iron Mountain are book values as at 31 May 2013 as noted in section 8.8 of this report. Further details of adjustments are noted below.

	Ref	Unaudited 31 May 2013 (as adjusted) $000	Low Valuation $000	Preferred Valuation $000	High Valuation $000
Current Assets					
Cash assets	9.2	4,660	3,647	3,647	3,647
Trade and other receivables/prepayments		57	57	57	57
Assets held for resale		-			
Total Current Assets		4,717	3,704	3,704	3,704
Non -Current Assets					
Receivables/bonds		30	30	30	30
Property, plant and equipment		1,478	1,478	1,478	1,478
Deferred exploration expenditure	9.4	-	2,300	2,700	3,200
Investments accounted for using the equity accounting method	9.3	339	339	339	339
Available for sale financial assets	9.3	48	48	48	48
Total Non Current Assets		1,895	4,195	4,595	5,095
Total Assets		6,612	7,899	8,299	8,799
Current Liabilities					
Trade and other payables		307	307	307	307
Provisions		66	66	66	66
Total Current Liabilities		373	373	373	373
Total Liabilities		373	373	373	373
Net Assets		6,239	7,526	7,926	8,426
Number of shares in Iron Mountain post merger (see below)		139,502,800	139,502,800	139,502,800	139,502,800
Value of an Iron Mountain share incorporating Red River (in cents)		4.47	5.39	5.68	6.04

9.2 The Red River cash balances have already been reduced to reflect the forecasted administration, corporate and exploration expenses of approximately $200,000 for the period 1 June 2013 to 30 September 2013 (also Iron Mountain cash already adjusted by $850,000 as part of the cash of $4,334,000 noted above but the pro-forma cash is after allowing $1,012,950 to be paid out to the Red River shareholders at the rate of 1.5 cents per Red River share assuming 100% acceptance of the Takeover Offer).

9.3 The Red River investment in available for sale assets (investment in another ASX listed company) has already been adjusted to account for the value of the investment as last traded on the ASX as at 4 July 2013. Iron Mountain's investment in available for sale assets and investment in associates (investments in other ASX listed companies, including ERL formerly called United Orogen Limited) have already been adjusted to account for the value of the investment as last traded on the ASX as at 4 July 2013 (last sale to 12 July 2013).

9.4 Deferred exploration expenditure is adjusted to reflect the Red River values indicated by the Castle Valuation Report. Agricola Mining Consultants Pty Ltd (author, Malcolm Castle) has provided three market indications as to the potential value of the Red River mineral projects, which have been disclosed in the table above. Accordingly, the consolidated statement of financial position has been adjusted to reflect the valuation ranges. The unaudited book value of Iron Mountain's deferred exploration expenditure is $nil as all costs are expensed as incurred.

9.5 There have not been any other material changes in the values of other assets.

9.6 The interests of the existing Red River shareholders (that excludes the Red River shares already held by Iron Mountain) in Iron Mountain post the merger will be as follows:

Number of Red River shares on issue	69,330,005
Less: owned by Iron Mountain	(1,800,000)
	67,530,005
Ratio of 1 Iron Mountain share for every 6 Red River shares	
Iron Mountain shares to be issued to the remaining Red River shareholders	11,255,001
Iron Mountain shares on issue	128,247,799
Number of shares to be issued to the remaining Red River shareholders	11,255,001
Shares in issue in Iron Mountain post merger	139,502,800

9.7 The Red River shareholders interest (approximately 8.0679%) in the merged entity will vary between approximately $607,190 and $679,801 (preferred amount $639,461) as compared with an approximate 97.40% interest (Iron Mountain owns 2.60%) in Red River's adjusted net assets at fair value (refer paragraph 7.2 above) of between approximately $2,533,374 and $3,409,974 with a preferred value of $3,081,110 ($487,974 based on unaudited book values only). However, the mineral assets of Iron Mountain are in the books at nil value (all costs are expensed as incurred) and have not been independently valued. There would be some expectation that there could be a large increase in value of the Iron Mountain mining assets had they been independently valued.

10. Value and Fairness of Consideration Compared To Value of Assets Acquired

10.1 Value of Consideration Compared to Value of Assets Acquired

The value of the share consideration offered by Iron Mountain being 1.5 cents cash for every one (1) Red River share owned plus one (1) Iron Mountain share for every six (6) Red River shares is compared below:

	Section Ref	Low Cents	Preferred Cents	High Cents
Technical Valuation Method				
Value of Cash and Share Consideration for 1 Red River share based on pre announcement prices		1.883	1.933	2.000
Value of a Red River share on a technical net asset value basis	7.2	3.750	4.320	5.040
Discount received by Iron Mountain (cents)		1.867	2.387	3.040
Discount received by Iron Mountain (percentage)		49.78	55.25	60.31

The value of the notionally combined entity is in the range of 5.39 cents to 6.04 cents with a preferred valuation of 5.68 cents (refer section 9 above) but this excludes any values to the mineral assets of Iron Mountain. Based on post announcement (of the Takeover Offer) prices, the value of the consideration offered by Iron Mountain lies in the range of 1.833 cents to 1.916 cents.

We have examined anecdotal evidence of premiums for control paid in Australia and globally for junior and mid cap exploration companies. The range paid for control oscillates between approximately 20% and 30%, although on occasions the premium may be lower or higher. A 20%

premium is often considered a "normal expected" premium in relation to takeovers. Iron Mountain is not paying a premium for control based on the low, preferred and high technical values for a Red River share. On a share market price methodology, Iron Mountain would be paying a premium for control.

10.2 Fairness of Consideration Compared to Value of Assets Acquired

The above table indicates that the value on a cents per share basis of the Takeover Offer by Iron Mountain for all of the shares in Red River not held by Iron Mountain is less than the assessed preferred technical fair value of a Red River share. Therefore the Takeover Offer for all of the shares in Red River is not considered to be fair as at the date of this report.

If we considered only share market values in June and July 2013 (to 12 July 2013) for both Red River and Iron Mountain (plus the cash part of the Takeover Offer), the Takeover Offer by Iron Mountain would be considered fair.

11. Reasonableness of the Takeover Offer to Red River Shareholders

11.1 Under Regulatory Guide 111, an offer may be considered 'reasonable' if despite being 'not fair', sufficient reasons exist for security holders to accept the offer in the absence of any higher bid before the close of the offer.

In considering the reasonableness of the Takeover Offer, we have considered, inter-alia the following factors:

- Significant shareholdings in Red River;
- Cash position of Red River;
- Liquidity of the market in Red River's securities;
- Risks associated with developing the mineral projects of Red River and Iron Mountain;
- Any special value of Red River to Iron Mountain; and
- The value to an alternative bidder and likelihood of an alternative offer being made for the shares in Red River.

We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Takeover of Red River as they apply to the shareholders of Red River.

Advantages

11.2 Shareholders who accept the offer have certainty that they will, inter-alia receive one share in Iron Mountain for every six shares in Red River (subject to the condition, inter-alia that Iron Mountain receives acceptance of over 50% of the issued Red River shares on issue not already owned by Iron Mountain). The shares in Red River are thinly traded as compared with Iron Mountain (although the trading in Iron Mountain is still not high enough on a weekly/monthly basis to say there is a "deep" market in trading shares in Iron Mountain). In broader terms there is a more active market for shares in Iron Mountain as compared with Red River.

11.3 As noted above, Red River shares are thinly traded. Red River shareholders who do not accept this Takeover Offer may find it difficult to trade their shares in Red River. In addition, Red River shareholders are being offered 1.5 cents cash for every one share in Red River. Thus, in addition to the shares it may receive in Iron Mountain, the Red River shareholders can cash out of Red River (which as noted is thinly traded) and the cash price offered is greater than the share price of a Red River share traded on ASX between 1 May 2013 and 5 June 2013 (and to 12 July 2013) except for a share price of 1.6 cents on 27 May 2013.

11.4 By accepting the Takeover Offer, the Red River shareholders will become shareholders of Iron Mountain that has more exploration areas of interest and arguably a brighter future at this stage than Red River. Red River is cash poor and needs to raise a reasonable amount of cash soon to continue in business. In the current market, raising cash at a commercial issue price is quite difficult and Red River may need to offer a substantial discount pursuant to a share placement or rights issue. This could result in a massive increase in shares on issue in Red River and the market may reset the Red River share price at or around the new issue price until positive exploration results are announced (if any). Red River shareholders are exposed to a larger portfolio of mineral exploration targets but at the same time will have exposure to the existing mineral assets of Red River (some of which are in joint venture with Iron Mountain) albeit with a lower percentage interest (approximately 8.0679%).

11.5 We are informed by Red River that the Takeover Offer is the only proposed transaction before the Company. This Takeover Offer provides a Red River shareholder an option to exit their investment in Red River with no transaction costs such as commissions.

11.6 Iron Mountain is more cashed up than Red River and thus has funds to spend on the mineral interests of both Red River and Iron Mountain. However, Iron Mountain in the future will need to raise further capital that may dilute the shareholding interests of the existing Red River shareholders and the existing Iron Mountain shareholders.

11.7 If the Takeover Offer is accepted, the merged entity will have a stronger balance sheet (statement of financial position) and cash and listed investments totalling approximately $4,034,000). This may enable it to advance current exploration activities and pursue growth opportunities when they arise. Being a larger entity, it may attract new investors, improve the ability to raise new share equity and have increased media coverage although it is noted that even the merged entity is not of a large size.

11.8 The merged entity has a greater range of mineral exploration assets as compared with Red River or Iron Mountain pre merger. This to some extent reduces risk but at the same time Iron Mountain is taking on Red River's exploration commitments.

11.9 The market capitalisation, if the Takeover Offer is successful of the merged entity (Iron Mountain incorporating Red River), will increase relative to Red River's market capitalisation on a stand-alone basis.

11.10 There may well be synergistic benefits as there is the potential to save costs such as ASX listing fees, corporate overheads and rationalisation of the management structures.

Disadvantages

11.11 The Takeover Offer of 1.5 cents cash for every one Red River share and one Iron Mountain share for every six Red River shares represents a discount of 2.387 cents (approximately 55.25%) to our preferred technical valuation of a Red River share of 4.32 cents. Iron Mountain is not paying a premium for control based on the fair asset value basis that includes valuing the mineral assets of Red River (but not the mineral assets of Iron Mountain). As stated above, a premium for control is normally 20% or more. Further details are outlined in section 10.1 of this report. On a technical basis of a Red River share, the Takeover Offer by Iron Mountain is considered not fair. However, it is noted that based on a market price basis for Red River shares (not a preferred methodology for the reasons outlined above) plus the 1.5 cents cash for each Red River share, Iron Mountain is paying a premium for control.

11.12 Red River shareholders will be selling their interest in a company that has mineral exploration targets that may have potential value in excess of the current market capitalisation of Red River. However, Red River shareholders by accepting the Takeover Offer from Iron Mountain will retain a reduced exposure to such assets (8.0679% compared with 97.40%). Prior to the Takeover Offer, the Red River shareholders (excluding Iron Mountain) owned 97.40% of the Company with Iron Mountain owning 2.60%. If the Takeover Offer is accepted, the Red River shareholders' interests will reduce to 8.0679% of the merged entity assuming 100% Takeover (merger).

11.13 Should the Takeover Offer be accepted, Red River shareholders will no longer hold any shares in Red River. Accordingly they will have no exposure to any improved offers that may be made in future by Iron Mountain or any other party.

Other Factors

11.14 The Australian tax consequences for Red River shareholders who accept the Takeover Offer for all of their shares in Red River will depend on a number of factors, including:

- whether the Red River shareholder holds their Red River shares on capital account, revenue account or as trading stock;

- the nature of the Red River shareholder (i.e. individual, company, trust, complying superannuation fund); and
- the tax residency status of the Red River shareholder (i.e. Australian resident or not).

Each Red River shareholder should seek their own independent tax advice on the consequences of accepting the Takeover Offer and receiving cash and Iron Mountain shares in exchange for Red River shares. For further information on the taxation position, please refer to Section 2.8 – "Taxation" in the Target's Statement.

11.15 There are other risks associated with the Takeover Offer and these are outlined in "Part F – Risk Factors" of the Iron Mountain Bidder's Statement and the Red River's Target's Statement sections 2.4 and 2.6 also refers to risks that will continue to be applicable to Red River if the Takeover Offer is not successful or if current Red River shareholders remain as shareholders of Red River.

11.16 There is uncertainty that Red River could achieve the full underlying value for its assets in an orderly disposal of its assets. Red River is an exploration and mining company and is obliged to fulfil minimum mineral expenditure conditions in order to maintain the exploration leases listed in Section 3 of the Target's Statement and the Castle Valuation Report.

11.17 There are inherent risks involved in Red River pursuing other transactions to seek to unlock the value in Red River shares, and there can be no guarantees that any alternative transaction will be pursued or that Red River will have sufficient financial and other resources to pursue alternative transactions. Any new financing arrangements may result in significant dilution for existing shareholders. It is expected that in the absence of a capital raising Red River will run out of cash in early 2014.

11.18 The unaudited net asset backing of a share in Iron Mountain as at 31 May 2013 as adjusted approximates 4.63 cents (refer paragraph 8.8) and after taking into account the 1.5 cents cash for every one Red River share plus the 1 for 6 ratio regarding shares, the value would be equivalent to 2.271 cents (compared with a share price of a Red River share as traded on ASX of around 1.1 cents to 1.5 cents). It is noted that the assessed fair values may be higher if the mineral interests of Iron Mountain were valued by an independent geological firm (the carrying value by Iron Mountain is $nil as all exploration and evaluation costs are expensed as incurred).

11.19 The current shareholders of Red River, other that Iron Mountain and the Zohar Group, only hold approximately 81.05% of the shares in Red River (approximately 1,140 shareholders). These shareholders have limited ability to influence the control and direction of the Company particularly after taking into account the shareholdings in Red River by its directors. Should Iron Mountain increase its shareholding in Red River to over 90%, Iron Mountain will have the ability to compulsorily acquire the remaining shareholding which it does not already control.

11.20 Conclusion as to the Reasonableness of the Takeover Offer

It is noted that ultimately the advantages of accepting the Takeover Offer noted in Section 11 of this report, arguably exceed the disadvantages, although the financial effects cannot be determined with any degree of certainty. In our view the Takeover Offer is <u>reasonable</u>.

12. Conclusion as to Fairness and Reasonableness of the Takeover Offer

12.1 **We have considered the terms of the Takeover Offer as outlined in the body of this report and have concluded that the Takeover Offer by Iron Mountain to offer 1.5 cents for each Red River share plus issue 1 Iron Mountain share for every 6 Red River Shares held on the Record Date is, on balance, <u>not fair but reasonable</u> to the non associated shareholders of Red River at the date of this report.**

If we considered only share market values in June and July 2013 (to 12 July 2013) for both Red River and Iron Mountain (plus the cash part of the Takeover Offer), the Takeover Offer by Iron Mountain would be considered fair. SIS's opinion should not be construed to represent a recommendation as to whether or not Red River shareholders should accept the Takeover Offer by Iron Mountain. Shareholders uncertain as to the impact of accepting the Takeover Offer should seek separate advice from their financial and/or taxation adviser. Shareholders should be aware that other offers may be made by other parties after the preparation of this report. The shareholders of Red River will need to compare the current Takeover Offer and consider whether any other offer(s) are more superior.

13. Sources of Information

13.1 In making our assessment as to whether the Takeover Offer to Red River shareholders by Iron Mountain is fair and reasonable to the non associated shareholders we have reviewed relevant published available information and other unpublished information of the Company and Iron Mountain which is relevant to the current circumstances. In addition, we have held discussions with the management of Red River about the present and future operations of Red River. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Red River and Iron Mountain.

13.2 Information we have received includes, but is not limited to:

* Discussions with management and directors of Red River;
* Details of historical market trading of Red River, Iron Mountain, ERL and Eagle Nickel Limited shares as recorded by ASX to 12 July 2013;
* Shareholding details of Red River and Iron Mountain as supplied by the share registries as at 1 July 2013;
* Audited annual reports of Red River and Iron Mountain for the years ended 30 June 2011 and 30 June 2012;
* Half year reports of Red River and Iron Mountain for the half year ended 31 December 2012;
* Announcements made by Red River and Iron Mountain for the period from 1 June 2012 to 12 July 2013;
* Bidder's Statement dated 19 June 2012 (and served on Red River on 27 June 2013) produced by Iron Mountain relating to the Takeover Offer for Red River;
* Draft unaudited financial statements of Red River and Iron Mountain prepared by Red River and Iron Mountain management respectively as at 31 May 2013;
* The Castle Valuation Report on the mineral assets of Red River prepared by Agricola Mining Consultants Pty Ltd;
* Drafts of the Target's Statement prepared by Red River and its legal advisers in July 2013 (to 12 July 2013); and
* Cash flow forecasts from 1 June 2013 to 30 June 2014 on a monthly basis for both Red River and Iron Mountain.

13.3 Our report includes Appendices A, our Financial Services Guide and Appendix B being the Castle Valuation Report attached to this report.

Yours faithfully
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International Securities)

John P Van Dieren- FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities dated 15 July 2013, relating to the proposed Takeover Offer via a share offer by Iron Mountain of 1.5 cents for every one Red River share plus one Iron Mountain share for every six shares in Red River which it already does not own on the Record Date as stated in the Bidder's Statement dated 19 June 2013 and served on Red River on 27 June 2013.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Red River other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed $20,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities has prepared independent expert's reports for Iron Mountain (and ERL) over the past few years but this has not affected our independence to prepare this report.

Stantons International Securities does not hold any securities in Red River or Iron Mountain. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr John Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (No 418019) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the independent Directors of Red River in order to assist the shareholders of Red River to assess the merits of the Takeover Offer to which this report relates. This report has been prepared for the benefit of Red River and those persons only who are entitled to receive a copy for the purposes of Section 640 of the Corporations Act and does not provide a general expression of Stantons International Securities opinion as to the longer term values of Red River, Iron Mountain and its subsidiaries and assets. Stantons International Securities does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of Red River, Iron Mountain or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the Takeover Offer by Iron Mountain for all of the shares in Red River not already owned by Iron Mountain and each individual shareholder may make up their own opinion as to whether to accept the Takeover Offer.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Red River and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Red River has agreed:

(a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Red River may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Red River; and

(b) to indemnify Stantons International against any claim arising (wholly or in part) from Red River or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Red River or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to Red River directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

Red River Resources - Miaree Project

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STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International Securities)

FINANCIAL SERVICES GUIDE
DATED 15 July 2013

1. STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

Stantons International Securities (ABN 84 144 581 519 and AFSL Licence No 418019) (**"SIS"** or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (**"FSG"**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 418019;**
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report you should seek advice from a registered financial adviser.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is a trading name owned by Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (also trades as Stantons International) may provide professional services, including audit, accounting, probity management, corporate and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 3001

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details You may contact us using the details set out at section 9.1of this FSG or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

APPENDIX B

AGRICOLA MINING CONSULTANTS PTY LTD CONSULTING GEOLOGIST TECHNICAL VALUATION REPORT (CASTLE VALUATION REPORT) ON THE RED RIVER MINERAL ASSETS DATED 8 JULY 2013

Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
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Email: mcastle@castleconsulting.com.au
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8 July 2013

The Directors
Stanton International Securities
Level 2, 1 Walker Street
West Perth, WA, 2005, Australia

Dear Sirs,

Re: INDEPENDENT VALUATION OF THE MINERAL ASSETS HELD BY RED RIVER RESOURCES LIMITED in WESTERN AUSTRALIA

I have been commissioned by the Directors of Stanton International Securities to provide a Mineral Asset Valuation Report ("Report") on the mineral assets held by Red River Resources Limited ("Red River" or the "Company") in Western Australia. This report serves to present a technical and fair market valuation for the exploration assets, assuming a willing buyer and willing seller in an arms length relationship, based on the information in this Report.

The present status of the tenements listed in this report is based on information provided by the Company and is set out in the Tenement Schedule and verified by me by reference to the WA Department of Mines and Petroleum database. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

DECLARATIONS

Relevant Codes and Guidelines

This Report has been prepared as a technical assessment in accordance with the "*Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports*" (the "VALMIN Code") effective 2005, which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the ASIC and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where and if mineral resources have been referred to in this Report, the classifications are consistent with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code"), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2012.

Under the definition provided by the ASX and the VALMIN Code, the Projects are classified as 'exploration projects', which is inherently speculative in nature. The Project is considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the exploration and development program proposed by the Company.

Sources of Information

The statements and opinion contained in this Report are given in good faith and this Report is based on information provided by the title holders, along with technical reports prepared by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based.

In compiling this Report, I did not carry out a site visit to the Project area. Based on my professional knowledge and experience, earlier visits within Western Australia and Queensland, the availability of extensive databases and technical reports made available by various Government Agencies, I considered that sufficient current information was available to allow an informed appraisal to be made without such a visit.

This Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the distribution of this Report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

This Report may contain statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements' use in this Report, and these statements are included in accordance with ASIC Class Order [CO 07/428] Consent to quote: *Citing trading data and geological reports in disclosure documents and PDS*.

Qualifications and Experience

The person responsible for the preparation of this Report is:

Malcolm Castle, B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM.

> Malcolm Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specializes in exploration management,

technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc. (Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Competent Persons Statement

The information in this Independent Valuation Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC code). Mr Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

Independence

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

Malcolm Castle
B.Sc.(Hons), MAusIMM,

GCertAppFin (Sec Inst)

TENEMENT SCHEDULE

TENEMENT NO.	TENEMENT NAME	TENEMENT HOLDER	TENEMENT AREA	JV PARTNER	RVR's CURRENT INTEREST	APPLICATION DATE	GRANTED	DUE TO EXPIRE	UPCOMING COMMITMENT	UPCOMING RENT
RED RIVER RESOURCES LIMITED										
Tenements as at 30 June 2013										
Burdett (WA)										
E63/1620	Burdett	Red River Resources Limited	55 Blocks	N/A	100%	29/01/2013	N/A	N/A	N/A	N/A
Gnowangerup (WA)										
E70/4220	Gnowangerup	Red River Resources Limited	20 Blocks	N/A	100%	12/09/2011	25/11/2011	24/11/2016	$20,000.00	$2,380.00
Manjimup (WA)										
E70/4413	Manjimup	Red River Resources Limited	27 Blocks	N/A	100%	4/09/2012	15/04/2013	14/04/2018	$27,000.00	$3,213.00
Miaree (WA)										
E08/1350-I	Kaninda Well	Red River Resources Limited	10 Blocks	IRM	39.75%	25/06/2002	23/06/2006	22/06/2015	$70,000.00	$4,755.00
E47/1309-I	Karratha	Red River Resources Limited	32 Blocks	IRM	39.75%	1/10/2003	4/05/2007	3/05/2014	$64,000.00	$15,216.00
E47/1707-I	Boodanmurra Hill	Red River Resources Limited	13 Blocks	IRM	39.75%	24/05/2006	1/08/2008	31/07/2013	$30,000.00	$3,264.30
Minigwal (WA)										
E39/1685	Minigwal East	Red River Resources Limited	22 Blocks	N/A	100%	31/01/2012	7/09/2012	6/09/2017	$22,000.00	$2,618.00
E39/1686	Minigwal West	Red River Resources Limited	36 Blocks	N/A	100%	31/01/2012	20/03/2013	19/03/2018	$36,000.00	$4,284.00
Tambellup (WA)										
E70/4219	Tambellup	Red River Resources Limited	71 Blocks	N/A	100%	12/09/2011	17/01/2012	16/01/2017	$71,000.00	$8,449.00
E70/4461	Tambellup	Red River Resources Limited	60 Blocks	N/A	100%	5/02/2013	N/A	N/A	N/A	N/A

The tenement schedule includes all matters addressed in Paragraph 68 of the VALMIN Code (2005) that are considered to be material to the valuation.

The status of the tenement has been verified based on a recent review of the Mineral Titles on Line system from the Western Australian Department of Mines and Petroleum pursuant to paragraphs 67 and 68 of the VALMIN Code. The tenements are believed to be in good standing at the date of this valuation as represented by the Company. Some future events such as the grant (or otherwise) of expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.

TECHNICAL SUMMARY AND LOCATION

Miaree (39.75% equity) E08/1350, E47/1309 and E47/1707

The Miaree Project is located approximately 45 kilometres south-west from the township of Karratha in Western Australia and includes three granted exploration Licence (E08/1350, E47/1309 and E471701 with an area of 173 square kilometres. The project area covers approximately 25km of the Miaree Magnetite Trend that occurs within the extensive Cleverville Formation; a geological unit of banded iron formation rich in magnetite.

The Miaree Project is currently held under a joint venture between Iron Mountain Mining Limited ("Iron Mountain") and Red River Resources Limited ("Red River") whereby Iron Mountain had an option to earn up to 70% of the project by satisfying three earn-in stages with clearly defined timing and expenditure requirements.

Instead, the company opted to continue under the non-contributory dilution provisions in the joint venture agreement and sole fund small exploration programs as warranted by results to incrementally increase its equity in the project. As at 30 June 2012, Iron Mountain had increased its equity in the Miaree Project to 60.25%.

Miaree Magnetite Resource

A summary of the Miaree Magnetite Inferred Resources is provided below. Additional technical information in regards to the resource estimation for both the 2008 and 2012 drilling data resources is contained within the Hackman & Associates Pty Ltd Resource Statements provided in Red River Resources Ltd ASX release 13 August 2012 Appendices 1 & 2.

Summary of the Total Miaree Magnetite Inferred Mineral Resource at a 25% Fe head grade cut-off

Drilling	Tenements	Inferred Resource (Mt)	Fe (%)	Al_2O_3 (%)	SiO_2 (%)	P (%)	LOI (%)	Cut-off Fe (%)
2008[1]	E08/1350, E47/1309 E47/1707	177	29.68	3.18	43.8	0.05	1.8	25
2012[2]	E08/1350	109	34.1	1.76	42.27	0.07	-0.82	25
TOTAL MIAREE INFERRED RESOURCE		**286**	**31.36**	**2.64**	**43.22**	**0.06**	**0.8**	**25**

1 48 RC holes for 4229m, Av. Depth = 88m, Vertical resource projection to -125RL

2 6 RC holes for 2102m, Av. Depth = 350m, Vertical resource projection to -325RL

Compliance with the JORC code assessment criteria

This mineral resource statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Leonora Hackman is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Competent Persons Statement

The information in this Independent Valuation Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled Leonora Hackman of Hackman and Associates Pty Ltd and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). The estimate is considerered to reflect the style and quantity of mineralisation under review and there are no updates or changes to the estimate since it was completed.

Mr Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC code). Mr Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

Burdett Project (100% equity) E63/1620 Application

The Burdett Project covers approximately 157km² and is situated 74km directly north of Esperance and 90km south of Norseman. Red River is targeting the Proterozoic sequence within the Munglinup Gneiss 21km south east of the major north east trending Jerdacuttup fault and 13km north-west of the Red Island fault forming the boundary with the Dalyup Gneiss to the south. The Southern part of the Norseman gold field lies 60km to the north and the new Sirius Nova/Bollinger nickel copper discovery is situated 170km to the north east within the Albany Fraser Belt.

Tambellup (100% equity) E70/4219, E70/4461 and Gnowangerup (100% equity) E70/4220

The Tambellup/Gnowangerup project area is prospective for copper and gold and is located in the southwest of Western Australia. The project area straddles the Darkan Fault which is likely to have had a geological control in the emplacement of the world-class Boddington gold deposit at its north-western end and which trends south-eastwards from there towards the project area. Further evidence that the Darkan Fault has been a mineralising feature is the location of a soil gold anomaly, overlying the fault zone, at a location just north of the western part of E70/4219. This soil gold anomaly was identified by exploration work carried out by Falcon Minerals but was never followed up by more detailed work. The aeromagnetic image of the project area, also displays a northerly trending line of "bullseye" anomalies, which may be caused by igneous intrusive plugs similar to that which hosts the Boddington gold-copper mineralisation.

Minigwal (**100% equity)** E39/1685 and E39/1686

The Minigwal project area is prospective for gold and is located 250km northeast of Kalgoorlie. Geologically it encompasses a sand covered south-eastward extension of the Laverton greenstone belt which has produced 25 million ounces of gold to date.

Manjimup (100% equity) E70/4413 (Application)

The Manjimup exploration licence application is cu rrently going through the native title process; covers an area of approximately 91Km² and is situated directly east of Manjimup in the South West of Western Australia. The area is roughly split between State Forest and private land holdings and is easily accessible once permitting is granted The Company will be targeting Gold and Base Metals

A full technical review of the projects is included in the Company's ASX Quarterly reports and ASX releases.

VALUATION ASSESSMENT

The **Miaree Project** includes an estimated Mineral Resource which produced an estimate of 286 million tonnes at an average grade of 31.36% Fe. When a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a *Comparable Transactions* approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

With iron ore projects the method requires allocating a dollar value to resource tonnes of iron ore in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

The **Burdett, Gnowangerup, Manjumup, Minigwal and Tambellup Exploration Projects** are considered to be relatively early stage exploration projects. Several methods of valuation are available for such projects where a Mineral Resource has not yet been estimated in accordance with the JORC code. These include the use of valuations based on past exploration expenditure and valuations based on perceived prospectivity.

Exploration projects can be extremely variable and the use of comparable transactions is unlikely to produce a statistical spread of values for "similar" projects. This method can be used where a Mineral Resource has been estimated. The *Prospectivity Exploration Multiplier (PEM)* is based on past expenditure while the Kilburn Geoscience Rating *(Geo-factor Rating)* is based on opinions of the prospectivity hence tenements can have marked variation in value between the methods.

The 'Geo-factor Rating' method of valuation for exploration tenements is the preferred valuation method for the Company's current tenements as it focusses on the future prospectivity of the area.

The Geo-factor Rating method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc.) and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value is multiplied by the prospectivity rating (the assessment of prospectivity factors multiplied together) to establish the overall technical value of each mineral property.

Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the success of the previous exploration techniques and results.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geo-factor Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditures for the Company's current tenements are not available from all the previous explorers of the same ground over the duration of modern exploration and reliance is mainly placed on the Geo-factor method.

COMPARABLE TRANSACTIONS – MIAREE DEPOSIT

MINERAL RESOURCE ESTIMATES

A resource estimate in accordance with the JORC code has been compiled for the Miaree project and is accepted here for the purpose of the valuation.

Inferred Resource – 286 million tonnes at 31.36% Fe

VALUATION METHODOLOGY

Contained metal is calculated from the deposit tonnes and grade in the categories of the JORC code. The estimated contained value for the Inferred Resource is estimated based on metal prices. The long term estimated iron ore price for 61% Fe material is considered to be **$75 per tonne FOB**. This is lower than the current iron ore price but allows for the long lead time in delivering iron ore to port. The contained value of the deposit is estimated at $21,450 million.

A discount factor is applied to the contained value to recognise the JORC category and allow for resource risk. The base value for the project is estimated by multiplying the contained value by the discount factors.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

A further discount is also applied to the contained value to recognise the project operational factors which relate to copper deposits.

Operations Factors	Iron Ore	
Estimated Mass Recovery	30.00%	Based on beneficiation parameters
Mining	70.00%	Multiple pits required
Processing	70.00%	Magnetite - Fine grained, high cost
Rail	50.00%	Relies on future infrastructure
Port	50.00%	Relies on gaining port space
Capex	70.00%	Allowance for magnetite plant
Marketing	75.00%	Off-take agreements required
Total Operating Discount	**2%**	

Base Value = [Contained metal][Value of gold per ounce]*[Resource Discount]*[Operations Discount]*

Base Value A$M	
Measured	-
Indicated	-
Inferred	248.31
Exploration Target	-
Total	248.31

Average Acquisition Cost

A range of average acquisition cost (AAC) percentages is estimated based on a database of comparative transactions in the mineral industry over the last 20 years. The percentage represents the amount paid for deposits as a proportion of the contained value adjusted for the uncertainty of the Category assigned under the JORC code.

The Average Acquisition Cost (AAC) for projects lies in the range of 2% to 4.5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for the AAC as shown in the chart and percentile table.

AAC Percentiles					
Percentile	10th	25th	50th	75th	90th
AAC	2.2%	2.6%	3.0%	3.6%	3.9%

For the purpose of this valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles. The Base Value is multiplied by AAC Percentiles to arrive at the estimated project technical value.

Technical Value

Technical Value = [Base Value][Average Acquisition Cost%]*

Miaree Deposit Technical Value, A$M	
Low	6.46
High	8.94
Preferred	7.45
% of contained value	0.03%

In arriving at a fair market value for a particular exploration tenement, I have considered the recent market for exploration properties in Australia and overseas. It is considered appropriate to apply a significant discount to the technical value of the Mineral Resources.

The recent market value for mineral projects in Australia is considered to be **very depressed** which supports a significant discount to the technical value of the Miaree Deposit. A market discount factor of **25%** has been applied for the Mineral Resource.

Market Value = [Technical Value][Adjusted Market Factor]*

Miaree Deposit Market Value, A$M	
Low	4.84
High	6.70
Preferred	5.77
% of contained value	0.03%

This Market Value applies to 100% of the deposit and an allowance for Red River's current equity of 39.75% is included in the following table.

Miaree Deposit Market Value, A$M	
Project Equity	39.75%
Low	1.92
High	2.66
Preferred	2.29
% of contained value	0.01%

The market value of the Company's share of the Miaree Project is assessed in the range $1.92 million to $2.66 million with a preferred value of $2.29 million

GEO-FACTOR RATING METHOD

BASE VALUE

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $1,000 per block and annual rent of $113.50. A 15% administration fee is taken into account to imply a BAC of $400 to $450 per square kilometre. A similar approach based on expenditure commitments is taken for Prospecting Licences and Mining Leases.

Licence Type	Expenditure	Rent	Admin	Total	$/km^2	BAC - Low	BAC - High
Exploration Licence (E, $/block)	1000	113.50	167.03	1,280.53	413	**400**	**450**
Prospecting Licences (P, $/Ha)	40.00	2.20	6.33	48.53	4,853	**5,000**	**5,500**
Mining Lease (M, $/Ha)	100.00	15.00	17.25	132.25	13,225	**13,000**	**14,000**

The Company has equity as shown in the table in the tenements. A 40% discount is applied to applications (Grant Factor).

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

Red River Resources Limited					
Project		**Equity**	**Km^2**	**Status**	**Grant**
Burdett Project, WA					
	E63/1620	100%	173.25	Pending	60%
Gnowangerup Project WA			-		
	E70/4220	100%	63.00	Granted	100%
Manjimup Project WA			-		
	E70/4413	100%	75.60	Granted	100%
Minigwal project WA			-		
	E39/1685	100%	66.00	Granted	100%
	E39/1686	100%	108.00	Granted	100%
Tambellup Project WA					
	E70/4219	100%	213.00	Granted	100%
	E70/4461	100%	180.00	Granted	100%
Total Area			878.85		

The exploration potential of the Miaree Project is assumed to be included in the Resource estimate and no further valuation for potential is offered.

PROSPECTIVITY ASSESSMENT FACTORS

An assessment of the prospectivity of tenements was carried out. This includes a consideration of

- Regional mineralization, old and current workings and the validity of conceptual models.
- Local mineralization within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

KILBURN RATING CRITERIA - SIMPLIFIED				
Rating	Off Site Factor	On Site Factor	Anomaly Factor	Geological Factor
1	Indications of Prospectivity	Indications of Prospectivity	No targets outlined	Generally favourable geological environment
2	Resource targets Identified	Targets identified with successful early drilling	Exposure of mineralised zones or surface drilling (RAB)	Generally favourable lithology with structures or exposures of mineralised zones
3	Along Strike or adjacent to known mineralization	Grade intercepts on adjacent sections - Exploration Targets Estimated from sound evidence	Significant grade intercepts not yet linked on cross and long sections	Significant mineralised zones exposed in prospective host rocks
4		Inferred Resource identified not yet estimated	Grade intercepts on adjacent sections	

Assessments in each category are based on a set scale (see above and Appendix) and are multiplied together to arrive at a "prospectivity index".

Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Red River Resources Limited Prospectivity Factors								
Project	**Off Site**		**On Site**		**Anomaly**		**Geology**	
	Low	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
Burdett Project, WA								
E63/1620	1.20	1.25	1.00	1.05	1.20	1.25	1.25	1.30
Gnowangerup Project WA								
E70/4220	1.20	1.25	1.00	1.05	1.00	1.05	1.25	1.30
Manjimup Project WA								
E70/4413	1.00	1.05	1.00	1.05	1.00	1.05	1.50	1.55
Minigwal project WA								
E39/1685	1.20	1.25	1.00	1.05	1.00	1.05	1.25	1.30
E39/1686	1.20	1.25	1.00	1.05	1.00	1.05	1.25	1.30
Tambellup Project WA								
E70/4219	1.20	1.25	1.00	1.05	1.00	1.05	1.25	1.30
E70/4461	1.20	1.25	1.00	1.05	1.00	1.05	1.25	1.30

TECHNICAL VALUE

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

Technical Value = [Base Value][Prospectivity Index]*

Red River Resources Limited			
Project		**Technical Value**	
	Low	**High**	**Preferred**
Burdett Project, WA	-	-	-
E63/1620	75,000	100,000	87,500
Gnowangerup Project WA	-	-	-
E70/4220	38,000	51,000	44,500
Manjimup Project WA	-	-	-
E70/4413	45,000	61,000	53,000
Minigwal project WA	-	-	-
E39/1685	40,000	53,000	46,500
E39/1686	65,000	87,000	76,000
Tambellup Project WA	-	-	-
E70/4219	128,000	172,000	150,000
E70/4461	108,000	145,000	126,500
Total	**499,000**	**669,000**	**584,000**

Exploration Tenements – Alternative Valuation Methods:

There is a preference for the use of more than one valuation methodology for the same tenements expressed in Paragraph 65 of Regulatory Guide 111. An alternative method to the Geo-factor Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result indicated by the Prospectivity Enhancement Multiplier (PEM).

PEM Range	**Criteria**
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed

Complete records of past expenditure for the Projects are not available from the previous explorers. The project has been extensively explored in the past with mapping, satellite imagery, geophysics, surface geochemistry and historical drilling forming part of the data base.

It is considered reasonable to suggest that the current value of these work elements would be as shown in the following table. This is considered speculative (but plausible) and the successful results of the work indicate that drilling has defined targets with potential economic interest with the potential to contain medium sized deposits. This would attract Prospectivity Enhancement Multipliers as set out below.

Red River Resources Limited						
Project		PEM		Technical Value		
	Expenditure	Low	High	Low	High	Preferred
Burdett Project	100,000	1.00	1.50	100,000	150,000	125,000
Gnowangerup Project	125,000	1.00	1.20	125,000	150,000	137,500
Manjimup Project	75,000	1.00	1.30	75,000	97,500	86,250
Minigwal project	100,000	1.00	1.30	100,000	130,000	115,000
Tambellup Project	150,000	1.00	1.10	150,000	165,000	157,500
Total	550,000.00			**550,000**	**692,500**	**621,250**

In view of the disparity in the implied value assessed by different methods it was decided to accept the lower valuation based on the geoscientific factors.

PREVIOUS VALUATIONS AND MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the recent market for exploration properties in Australia. It is considered appropriate to apply a significant discount to the technical value of the exploration potential of the tenements.

I have considered the country risk and recent market for exploration properties in Australia. An assessment of country risk and business climate has been provided by a specialist firm (source: www.coface.com). The rating for Australia is 'A1' for country risk and 'A1' for business climate that are considered to be low. This rating will affect the market factor in assessing market value.

The market value for mineral projects in Australia is considered to be **depressed** which supports a significant discount to the technical value of the tenement. A market discount factor of **25%** has been applied to the technical value of the other projects.

Red River Resources Limited				
Project		**Market Value**		
	Market Factor	**Low**	**High**	**Preferred**
Burdett Project, WA				
E63/1620	75.0%	56,000	75,000	65,500
Gnowangerup Project WA		-	-	-
E70/4220	75.0%	29,000	38,000	33,500
Manjimup Project WA		-	-	-
E70/4413	75.0%	34,000	46,000	40,000
Minigwal project WA		-	-	-
E39/1685	75.0%	30,000	40,000	35,000
E39/1686	75.0%	49,000	65,000	57,000
Tambellup Project WA		-	-	-
E70/4219	75.0%	96,000	129,000	112,500
E70/4461	75.0%	81,000	109,000	95,000
Total		**375,000**	**502,000**	**438,500**

The market value of the Company's exploration tenements is assessed in the range $0.38 million to $0.50 million with a preferred value of $0.44 million

VALUATION SUMMARY

The Miaree Deposit Inferred Resource has been valued based on a comparable transactions method. A database of past sales of gold deposits was reviewed and the 25th, 50th and 75th percentiles of the percentage of contained value used to assess a range of values. The contained value was discounted based on the JORC resource category in accordance with the JORC Code and operational factors were taken into account.

Red River Resources Limited **Market Value, A$M** **Project**	**Low**	**High**	**Preferred**
Miaree Inferred Resource	1.92	2.66	2.29

The range of values for exploration tenements is based on the Geoscientific Rating Method described above and in the Appendix. This method is considered appropriate and preferable to the alternative methods as it is based on the perceived exploration potential of the projects rather than past expenditures which is not well documented.

The Geoscientific Rating Method (Kilburn method) is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics. This is the preferred valuation method for the Company's current tenements as it focuses on the future prospectivity of the area.

The Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method and it is calculated by summing the annual rent, statutory expenditure for a period of 12 months and administration fees.

Red River Resources Limited **Market Value, A$M** **Project**	**Low**	**High**	**Preferred**
Exploration Tenements	0.38	0.50	0.44

Based on an assessment of the factors involved I estimate the value for exploration projects to be in the range <u>A$2.3 million to A$3.2 million with a preferred value of A$2.7million</u>.

This valuation is effective on 8 July 2013.

APPENDIX

MINERAL ASSETS VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Exploration areas	Mineralization may or may not have been identified, but where a mineral resource has not been defined.
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment.
Pre-development projects	A positive development decision has not been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles.
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels.
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production.

The fair market value of a mineral asset is the estimated amount of money or the cash equivalent or some other consideration for which the mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction. Each party is assumed to have acted knowledgeably, prudently and without compulsion.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

REGULATORY AUTHORITIES

Mineral asset valuations are governed by the VALMIN code and ASIC Practice Note 43 in Australia and by the CIMVAL code, NI43-101 and TSXV Appendix 3G in Canada

THE VALMIN CODE

The four main requirements of the *VALMIN Code* are

Transparency The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer.

Materiality This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report.

Competence The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity.

Independence. The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the valuer must not receive any special benefit from doing the study.

The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration. Selection of the appropriate valuation method will depend on, inter alia:

(a) the purpose of the Valuation;

(b) the development status of the Mineral or Petroleum Assets;

(c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities and/or shares.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration, stating the reasons why the particular valuation method(s) have been selected in relation to those factors set out in Paragraph 39 and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation method(s) used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reason(s) for selecting the Value adopted.

Australian Securities and Investment Commission – Regulatory Guides RG111 and RG112

It is not the ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;

(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

The ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the figures derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or

(b) the current market value differs materially from that derived by the chosen method.

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the Tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Expert based on his experience.

The Independent Expert, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralization
- level of knowledge of the geometry of mineralization in the district
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralization
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralization identified on adjacent properties
- appropriate geological models

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a "market factor" unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified reserves it is appropriate to use financial analysis methods to estimate the net present value (NPV) of the properties. This technique has deficiencies which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified mineral resources or only inferred resources it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc. when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (PEM) is heavily based on the expenditure, while the Kilburn Geoscience Rating (Kilburn) is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Kilburn assessment is high and the PEM is low it indicates effective well focussed exploration, if the Kilburn is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

PROSPECTIVITY ENHANCEMENT MULTIPLIER (PEM) OR MULTIPLE OF EXPLORATION EXPENDITURE (MEE)

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

GEO-FACTOR RATING METHOD (KILBURN)

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralization known to exist on the property being valued;
- number and relative position of anomalies on the property being valued;
- geological models appropriate to the property being valued.

The Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method and it is calculated by summing the annual rent, statutory expenditure for a period of 12 months and administration fees.

The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $1,000 per block and annual rent of $113.50. A 15% administration fee is taken into account to imply a BAC of $4000 to $450 per square kilometre. A similar approach based on expenditure commitments is taken for Prospecting Licences and Mining Leases.

Licence Type	Expend.	Rent	Admin	Total	$/km^2	BAC - Low	BAC - High
Exploration Licence (E, $/block)	1000	113.50	167.03	1,280.53	413	**400**	**450**
Prospecting Licences (P, $/Ha)	40.00	2.20	6.33	48.53	4,853	**5,000**	**5,500**
Mining Lease (M, $/Ha)	100.00	15.00	17.25	132.25	13,225	**13,000**	**14,000**

The multipliers or ratings and the criteria for rating selection across these four factors are summarized in the following table.

KILBURN GEO-FACTOR RATING CRITERIA - MODIFIED

	Rating	Address - Off Property	Mineralization - On Property	Anomalies	Geology
Low	**0.5**	Very little chance of mineralization, Concept unsuitable to environment	Very little chance of mineralization, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Generally Unfavourable lithology
Average	**1**	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered Generally favourable geology
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered Generally favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	**3**	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant sub economic targets - no indication of volume	Highly prospective geology (90 - 100%)
	3.5	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Resource areas identified	Sub economic targets of possible significant volume - early stage drilling	
	4	Along strike or adjacent to Resources at Definitive Feasibility Stage	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Marginal economic targets of significant volume - advanced drilling	
	4.5	Along strike or adjacent to Development Stage Project	Along strike or adjacent to Resources at Definitive Feasibility Stage	Marginal economic targets of significant volume - well drilled at Inferred Resource stage	
Very High	**5**	Along strike or adjacent to Operating Mine	Along strike or adjacent to Development Stage Project	Several significant ore grade correlatable intersections with estimated resources	

Estimate of project value is carried out on a tenement by tenement basis and uses four calculations as shown below. The value estimate is shown as a range with a preferred value.

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Technical Value = [Base Value][Prospectivity Index]*

Market Value = [Technical Value][Market Premium Factor]*

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

The dollar value must take into account a number of aspects of the resources including:

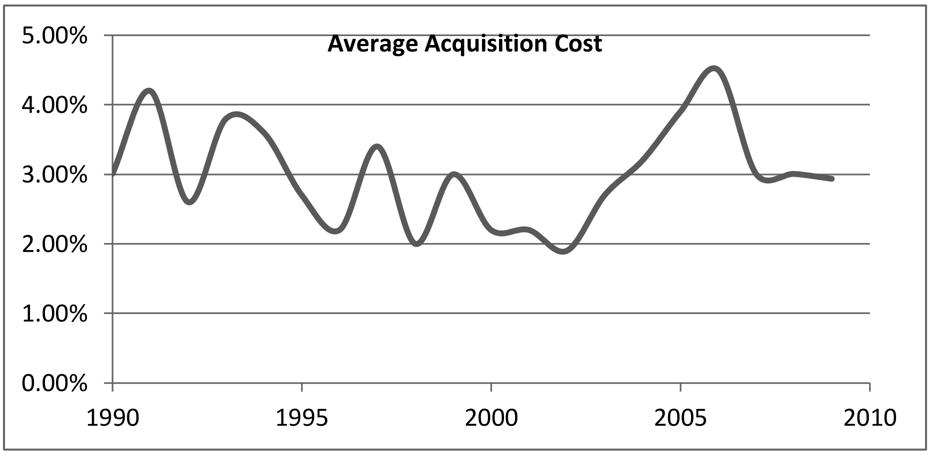
- The confidence in the resource estimation (the JORC Category).
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of toll treatment facilities, infrastructure, development and capital expenditure aspects

A similar approach can be taken with other metals including uranium or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account. An example of appropriate discounts for Rare Earths, Iron Ore and Base Metals is included below but these must be considered on a case-by-case basis.

Operations Factors	Gold	Rare Earths	Iron Ore	Base Metals
Recovery	100%	60%	30.00%	100%
Mining	100%	100%	70.00%	100%
Processing	100%	50%	70.00%	90%
Rail	100%	75%	50.00%	90%
Port	100%	90%	50.00%	90%
Capex	100%	50%	70.00%	90%
Marketing	100%	75%	75.00%	90%
Total Operating Discount	**100.00%**	**7.59%**	**2%**	**59.05%**

The AAC for gold projects lies in the range of 2% to 5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for 'Apparent Acquisition Cost' (AAC) over the last twenty years as shown in the following chart.

Comparative transactions in the gold industry over the last 20 years



For the purpose of valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles.

	AAC Percentiles				
Percentile	10th	25th	50th	75th	90th
Average Acquisition Cost	2.2%	2.5%	3.0%	3.4%	3.9%

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GLOSSARY OF TECHNICAL TERMS

aeolian	Formed or deposited by wind.
aerial photography	Photographs of the earth's surface taken from an aircraft.
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
aircore	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	**An assemblage of minerals formed at moderate to high temperatures** (450°C to 700°C) **during regional metamorphism.**
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal	An anticline-like structure.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.
basalts	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
polymetallics	A non-precious metal, usually referring to copper, lead and zinc.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
BLEG sampling	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
brittle	Rock deformation characterised by brittle fracturing and brecciation.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO_3. Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
conduits	The main pathways that facilitate the movement of hydrothermal fluids.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
copper	A reddish metallic element, used as an electrical conductor and the basis of brass and bronze.

decide	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dilational	Open space within a rock mass commonly produced in response to folding or faulting.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DMP	Department of Minerals & Petroleum, WA.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
en-echelon	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.
GSWA	Geological Survey of Western Australia.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
halite	Impure salt deposit formed by evaporation.
hanging wall	The mass of rock above a fault, vein or zone of mineralization.
hematite	Iron oxide mineral, Fe_2O_3.
hinge zone	A zone along a fold where the curvature is at a maximum.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
insitu	In the natural or original position.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.

intrusive contact	The zone around the margins of an intrusive rock.
ironstone	A rock formed by cemented iron oxides.
isoclinal	A series of folds that dip in the same direction at the same angle.
joint venture	A business agreement between two or more commercial entities.
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lead	A metallic element, the heaviest and softest of the common metals.
lineament	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithotypes	Rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary	A rock formed by metamorphism of sedimentary rocks.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
Moz	Millions of ounces.
Mt	Million Tonnes.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
nickel	Silvery-white metal used in alloys.
nickel laterite	Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.
open pit	A mine working or excavation open to the surface.
Orthoimage	A geographically located composite plan using aerial photography as a base.
outcrops	Surface expression of underlying rocks.
palaeochannels	An ancient preserved stream or river.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
playa lake	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
porphyries	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
quartz reefs	Old mining term used to describe large quartz veins.
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
resources	Insitu mineral occurrence from which valuable or useful minerals may be recovered.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
rock chip sampling	The collection of rock specimens for mineral analysis.

saline	Salty
saprock	Zone of weathered rock preserved within the weathered profile.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, SiO_2, usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
tholeiitic	A descriptive term for a basalt with little or no olivine.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, bluish-white metallic element used in many alloys including brass and bronze.

Corporate Directory

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