

22 December 2022

## ASX ANNOUNCEMENT

**RED RIVER RESOURCES LIMITED (ADMINISTRATORS APPOINTED)**  
**ACN 100 796 754 (“Red River”)**

**ASX Code: RVR**

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**HILLGROVE MINES PTY LTD (ADMINISTRATORS APPOINTED)**  
**ACN 102 660 506**

**HEBRIDES RESOURCES PTY LTD (ADMINISTRATORS APPOINTED)**  
**ACN 601 993 695**

**FORTH RESOURCES PTY LTD (ADMINISTRATORS APPOINTED)**  
**ACN 169 014 797**

**(collectively “the RVR Subsidiaries”)**

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We refer to the appointment of Jeremy Nipps, Barry Wight and Thomas Birch as Joint and Several Administrators of Red River and the RVR Subsidiaries on 29 November 2022 (**Administrators**).

### 1. Extension of Convening Period

#### Background

In accordance with section 439A of the *Corporations Act 2001* (Cth) (**Act**) and section 75-225 of the *Insolvency Practice Rules (Corporations) 2016* (Cth) (**IPR**), the Administrators are required to:

- convene second meetings of creditors within 20 business days from the date of appointment of Administrators (**Convening Period**)
- provide a report to creditors at least 5 business days before the second meetings of creditors, and
- state the Administrators’ opinion as to which option available to creditors would be in their best interests, including the reasons for that opinion.

The timeframe imposed by the Act and IPR would require the second meetings of creditors to be convened by 29 December 2022. Having regard to the size and complexity of Red River and the RVR Subsidiaries (**Red River Group**), the Administrators do not consider that they are in a position to be able to properly report to the Red River Group creditors within the timeframe required by the IPR, and would need to understand the financial position, complete a comprehensive sale and/or recapitalisation process and thereafter consider any binding proposals for the future of the Red River Group and the potential return to creditors of the Red River Group before doing so.



## Outcome

Accordingly, it was necessary to make an application to the Supreme Court of New South Wales seeking to, inter alia, extend the Convening Period for the Red River Group.

On 19 December 2022 Orders were granted in respect of each of the Red River Group (Case No. 2022/00382142) (**Court Orders**). The Court Orders, among other matters discussed in this circular, have extended the Convening Period up to 30 June 2023 for each of the Red River Group.

## 2. Directions in relation to Red River's status as "operator" of the Thalanga mine

### Background

Red River is the holding company of Cromarty Resources Pty Ltd (In Liquidation) (ACN 601 398 841) (**Cromarty**), which was placed into voluntary administration on 27 October 2022, and subsequently into liquidation on 2 December 2022.

On 6 December 2022, the Liquidators of Cromarty issued a disclaimer under section 568A of the Act in respect of certain mining tenements and assets associated with the Thalanga mine.

Additionally on this date, the Administrators received a notification pursuant to section 48(1) of the *Mining and Quarrying Safety and Health Act 1999* (Qld) (**MQSHA**), asserting that Red River became an operator of the Thalanga mine on 7 May 2015. The notification was dated 26 August 2022.

The MQSHA imposes, inter alia, significant obligations on the operator of a mine in respect of health and safety of a mine site following its abandonment, which can attract large financial penalties for failure to comply.

In the circumstances, the Administrators have sought, among other things, an order, direction and/or declaration under section 90-15 of Schedule 2 to the Act that Red River is not the operator of the Thalanga mine (**Operator Relief**).

### Outcome

The position is currently being considered by the Administrators, and the determination of the Operator Relief in the proceedings has been stood over before the Corporations List Judge on 6 February 2023.

## 3. Limitation of Liability: Potential liability under the *Environment Protection Act 1994* (Qld) (EPA) and MQSHA

### Background

The Administrators have also been made aware that the Department of Environment and Science is contemplating the issue of an Environmental Protection Order (**EPO**) under section 363ABA of the EPA to Red River in respect of environmental obligations at the Thalanga mine, which would likewise have the potential to impose significant financial penalties, for which the Administrators may be personally liable.

The Administrators have also been made aware by Resources Safety & Health Queensland that it was their expectation that Red River (as purported operator of the Thalanga mine) would ensure the Thalanga mine



was made safe and secure in accordance with section 61(1) of the MQSHA in circumstances where it appears likely that the mine will be abandoned.

Noting the above matters, the Administrators were concerned that Red River may be subject to potentially substantial, but presently unqualified, liabilities under the MQSHA and a potential EPO, by reason that Red River is the shareholder of Cromarty and the purported operator of the Thalanga mine.

In the event that Red River was unable to meet these potential liabilities from its limited assets, there is a risk that the Administrators may be personally liable for these liabilities under section 443A of the Act. Given the significant financial risk noted in the paragraphs above, the Administrators would not be in a position to undertake a fulsome sale or restructure campaign to achieve the best possible return to creditors if Orders were not made to limit the personal liability of the Administrators under section 447A of the Act and/or section 90-15 of Schedule 2 to the Act.

### **Outcome**

Accordingly, Orders to the effect of the above were sought from and granted by the Supreme Court of New South Wales on 19 December 2022 as part of the Court Orders, that Part 5.3A of the Act is to operate in relation to Red River as if section 443A(1) of the Act provides that if the property of Red River is insufficient to satisfy any of the debts and liabilities incurred by the Administrators arising out of, or in connection with, the Thalanga mine, the Administrators will not be personally liable to repay any of those debts or liabilities to the extent of that insufficiency.

### **Shareholder Questions**

For further information in relation to the external administrations of Red River, the RVR Subsidiaries, or the information set out above, the contact details of the Administrators are as follows:

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