ACN 100 796 754

RED RIVER RESOURCES LIMITED
AND CONTROLLED ENTITIES

ABN: 35 100 796 754

ANNUAL FINANCIAL REPORT
30 JUNE 2019

Contents

Corporate Directory

Directors

Mr. Brett Fletcher - Non-executive Chairman
Mr. Melkon Palancian - Managing Director
Mr. Donald Garner - Executive Director
Mr. Mark Hanlon - Non-executive Director

Company Secretary

Mr. Cameron Bodley

Registered Office

Level 6, 350 Collins Street
MELBOURNE VICTORIA 3000

Principal Place of Business

"Thalanga Mine"
18144 Flinders Highway
CHARTERS TOWERS QUEENSLAND 4820

Website Address

www.redriverresources.com.au

Auditors

RSM Australia Partners
Level 21
55 Collins Street
MELBOURNE VIC 3000

Legal Advisors

Piper Alderman
Level 26
71 Eagle Street
BRISBANE QLD 4000

Share Registry

Computershare Investor Services Pty Ltd
2/45 St Georges Terrace
PERTH WA 6000

Country of Incorporation

Red River Resources Limited is domiciled and incorporated in Australia.

Stock Exchange Listing

Red River Resources Limited is listed on the Australian Securities Exchange (ASX code: RVR).

Chairman's Message

Dear Fellow Shareholder,

I am pleased to present the 2019 Annual Report for Red River Resources and to look back on a year where our Company built on the success of 2018 and laid the platform for continued growth and expansion in 2020.

The first full year of mine production from the Thalanga Operation (West 45 plus development ore from Far West) for the period was 383kt of ore @ 0.4% Cu, 2.5% Pb, 5.3% Zn, 0.2 g/t Au & 42 g/t Ag (10.2% Zinc Equivalent) and the Thalanga Mill processed 407kt of ore @ 0.5% Cu, 2.6% Pb, 5.1% Zn, 0.2 g/t Au & 47 g/t Ag (10.3% Zinc Equivalent) to produce 32,504 dry metric tonnes of zinc concentrate, 12,886 dry metric tonnes of lead concentrate and 4,642 dry metric tonnes of copper concentrate.

Thalanga Operations generated revenue of $96.5 million during the period, with $55.0 million from the sale of zinc metal in concentrate, $20.6 million from the sale of lead metal in concentrate, $9.7 million from the sale of copper metal in concentrate and $11.2 million from the sale of payable precious metals (gold and silver) contained in copper and lead concentrates.

The Company produced $23.0 million of cash from operations, fully funding the development of the new Far West Mine ($12.7 million) and the investment in exploration across our tenements ($4.3 million).

As at year end, total development at Far West was 2,568m including 1,240m of decline development. Far West development ore successfully treated through the Thalanga Mill during FY19 and the first production ore is expected to be produced and treated early in FY20. Once Far West is in full production, this will materially increase copper production from Thalanga Operations.

We completed over 15,000m of drilling across our exciting portfolio of projects in tenements at Thalanga, focusing on increasing Mineral Resources and Ore Reserves at our current projects and to find the next generation of deposits within the region.

A maiden Mineral Resource of 1.5Mt @ 12.2% Zinc Equivalent at Liontown East was announced in July 2018, increasing the total Mineral Resource at the Liontown Project to 3.6Mt @ 10% Zinc Equivalent. The Liontown Project is the largest undeveloped Mineral Resource at Thalanga Operations, and the Company has recently commenced development studies for this Project.

We also continued to seek opportunities to grow Red River beyond Thalanga, adding strength and reducing risk through the diversification of the Company to become a multiple asset operating company with increasing exposure to copper and precious metals.

To this end, we continue to seek high quality acquisition opportunities within the sector, which will meet and surpass our internal requirements and allow us to deliver material value for our shareholders. Subsequent to the year end, we announced the acquisition of the Hillgrove Gold-Antimony project located in NSW for AUD 4 million, payable in Red River shares.

Red River's balance sheet remains debt free, and as at year end we had a cash balance of $25.9 million plus financial assets of $8.5 million (cash backed security bond deposits) and also an undrawn working capital facility of USD 10 million.

Chairman's Message (continued)

The coming year will be an exciting one for Red River as we bring our second mine, Far West, into full production at Thalanga Operations and commence activities at Hillgrove. We plan to take a methodical approach at Hillgrove (undertake a thorough evaluation of the operation and assets prior to commencing a restart study) similar to the successful Thalanga Operations restart, where Red River acquired Thalanga Operations for $6 million in late 2014 and restarted production in 2017.

With a solid year of production behind us and an exciting year of development ahead of us, I take this opportunity to thank Red River’s staff and management for their continuing hard work and dedication through 2019. I thank my fellow Board members for their contribution over the year.

I would also like to thank our Shareholders for your continued support and belief in our Company as we work to deliver on Red River’s potential.

The year ahead will be another busy period as we maintain our strong production levels and develop new opportunities, and I look forward to sharing our successes with you.

Mr. Brett Fletcher
Non-executive Chairman

Directors' Report

Your Directors present their report together with the financial statements of the Group, being Red River Resources Limited (the 'Company') and its subsidiaries which together are referred to as the 'consolidated entity', for the financial year ended 30 June 2019.

The following persons were directors of the Company during the whole of the financial year, and up to the date of this report unless otherwise stated.

CHAIRMAN AND DIRECTORS

Name	Position
Current directors	
Mr. Brett Fletcher	Non-executive Chairman
Mr. Melkon Palancian	Managing Director
Mr. Donald Garner	Executive Director
Mr. James Black	Non-executive Director (resigned effective 23 August 2018)
Mr. Mark Hanlon	Non-executive Director

Information on directors

MR. BRETT FLETCHER
BEng MAICD
Non-executive Chairman
Mr. Fletcher, a qualified Mining Engineer (University of NSW, 1989), brings over 25 years experience in the metals and mining industry to Red River. His experience within the Australian base metal mining and smelting sector is without equal, where he has held multiple senior management and executive roles including Manager UG Operations Broken Hill Zinc Lead Mine, General Manager Rosebery Copper Lead Zinc Mine, General Manager Century Zinc Mine and General Manager Hobart Zinc Smelter, Chief Operating Officer of Zinifex/OZ Minerals and then MMG and Executive General Manager PNG Operations at Newcrest where he was responsible for the Morobe Mining JV, Gosowong and Lihir Operations. Brett is currently Chief Executive Officer of Capricorn Copper Pty Ltd.

Current directorships:	None
Former directorships (in last 3 years):	Morton Resources Limited
Interest in shares:	528,244 ordinary shares
Interest in options:	None
Contractual rights to shares:	None

MR. MELKON PALANCIAN
BEng MEng MAusIMM MIEAust
Managing Director
Mr. Palancian has over 20 years experience in the mining industry and his most recent role was Deputy Operations Director at Newcrest's Gosowong operation in Indonesia. Prior to this, he held a range of senior positions including General Manager Technical Services for MMG, Manager Dugald River Development for OZ Minerals and Principal Adviser Mining for Zinifex. He holds a Bachelor of Engineering (Civil & Computing) from Monash and a Masters in Engineering from RMIT.

Current directorships:	None
Former directorships (in last 3 years):	None
Interest in shares:	445,000 ordinary shares
Performance rights:	1,525,423 2017 Performance Rights
	857,143 2018 Performance Rights
	704,777 2019 Performance Rights
Interest in options:	None
Contractual rights to shares:	None

Directors' Report (continued)

MR. DONALD GARNER
BSc (Hons) MSc FGS MSEG MAusIMM
Executive Director
Mr. Garner is a geologist with over 20 years experience in the resource industry, corporate finance and corporate development roles. He has a strong track record in the identification and acquisition of resource projects, recently being responsible for New Age Exploration's (ASX:NAE) Lochinvar coking coal project and Sirius Minerals Plc (LSE:SXX) York Potash project. Donald previously worked in a corporate development role at Zinifex, and prior to that worked in metals and mining corporate finance in the United Kingdom. He has also worked as a geologist in Western Australia in a number of roles, both as an exploration geologist and a mine geologist and also as an exploration geologist in Myanmar.

Current directorships:	None
Former directorships (in last 3 years):	None
Interest in shares:	7,631,601 ordinary shares
Performance rights:	711,864 2017 Performance Rights 400,000 2018 Performance Rights 328,896 2019 Performance Rights
Interest in options:	None
Contractual rights to shares:	None

MR. MARK HANLON
B.Bus. (Accounting & Finance), M. Bus. (Banking & Finance)
Non-executive director
Mr. Hanlon has over ten years of experience in the resources and resource services sector as well as over ten years' experience in commercial and merchant banking. He has a broad background of senior executive experience across a wide range of industries including mining, mining services, electricity distribution, electronics contract manufacturing, paper & packaging and insurance. He has most recently been the Finance Director of ENK plc and previously held the position or equivalent position of CFO with listed companies such as Century Drilling and International Contract Manufacturing Limited. Mr. Hanlon is currently non-executive Chairman of Copper Strike Limited and a non-executive director of Echo Resources Limited.

Current directorships:	Copper Strike Limited; Echo Resources Limited
Former directorships (in last 3 years):	Strandline Resources Limited
Interest in shares:	3,100,000 ordinary shares
Interest in options:	None
Contractual rights to shares:	None

MR. JAMES BLACK (Resigned 23 August 2018)
BSc (Hons)
Non-executive director
Mr. Black, a qualified Chemical Engineer (University of London, 1969) brings over 40 years experience in project management and procurement to Red River. He started work for BP in 1969 as a Chemical Engineer, and has held a number of senior project management and procurement roles in BP's Exploration and Production, Australian, Group Technology and International Corporate Groups and was seconded to the TNK-BP (Moscow) Joint Venture to act as Procurement and Supply Chain Project Director. He worked for Zinifex/OZ Minerals as Group General Manager (Studies) from 2007 to 2009, and then as Business Director (Project Management Group) for Hyder Consulting from 2009 to 2011. Since 2011, he has acted as a consultant in project management, leadership coaching, supply chain and procurement coaching.

Current directorships:	None
Former directorships (in last 3 years):	None
Interest in shares:	None
Interest in options:	None
Contractual rights to shares:	None

Directors' Report (continued)

COMPANY SECRETARY

MR. CAMERON BODLEY
CA, B.Comm, MACID
Mr. Bodley has been providing accounting, taxation and secretarial services to other ASX listed and unlisted public and private entities for the past 10 years. He is also a member of the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the consolidated entity during the year was the production from the West 45 Mine and the development of the Far West Mine at the Thalanga Operation, located near Charters Towers in North Queensland.

REVIEW OF FINANCIAL RESULTS

Dividends paid or declared
No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Operating results
The consolidated entity recorded a profit after income tax for the year ended 30 June 2019 of $3.8 million (FY18: profit $0.3 million). The result was impacted by a number of key factors including:

- Revenue from continuing operations amounted to $96.5 million (FY18: $51.1 million) with additional revenue due to a 109% increase in concentrate sold, being partially offset by lower (AUD) metal prices;
- Sales realisation costs of $23.7 million (FY18: $7.1 million) were impacted by increased concentrate sales tonnage (up 109%), increased treatment charges per tonne of zinc concentrate (year on year average increase of USD 180 / tonne) and the impact of lower exchange rates on USD denominated realisation costs;
- Production costs of $42.0 million were 66% higher than production costs of $25.3 million in FY18. Additional costs were incurred due to tonnes milled and concentrate produced increasing year on year by 78% and 109% respectively. Overall milling unit costs were 24% lower in FY19 due to more efficient use of reagents, while mining unit costs (increased by 13%) were impacted by the cost of remote bogging, stope filling, drill and blast and operating development required to maintain stope production (which commenced in the December 2017 period) and to access the ore in Lense 6 (West 45 Mine life extension program); and
- Depreciation increased by $3.4 million to $12.4 million (FY18: $9.0 million). FY19 contained 12 months of depreciation while FY18 incurred depreciation costs for the 9 month period after the point operations were deemed to commence in October 2017.

Financial position
The net assets of the consolidated entity have increased from $52.2 million at 30 June 2018 to $56.3 million during the year ended 30 June 2019.

Operating cash flow for the year ended 30 June 2019 increased by $7.9 million to $23.0 million (FY18: $15.1 million). Increased concentrate production during the current period contributed to a $50.5 million increase in sales receipts and a $42.7 million increase in cash production and sales realisation costs. Mining cash costs were further impacted by the cost of remote bogging, stope filling, drill and blast and operating development required to maintain stope production (which commenced ramping up in the December 2017 period) and to access Lense 6 as part of the West 45 Mine life extension. Sales realisation cash costs included $6.0 million for the payment of FY18's royalties and were further impacted by increased concentrate sales tonnage (up 109%); increased treatment charges per tonne of zinc concentrate (year on year average increase of USD 180 / tonne); and the impact of lower exchange rates on USD denominated realisation costs.

Directors' Report (continued)

REVIEW OF FINANCIAL RESULTS (continued)

Financial position (continued)

Cash outflow from investing activities for the year ended 30 June 2019 was $17.3 million (FY18: $25.0 million). Expenditure on property, plant and equipment decreased by $3.6 million as the first half of FY18 included costs associated with recommissioning the Thalanga Operations. Mine Development costs ($1.2 million lower) were similar in both FY18 and FY19 with costs to develop the West 45 Mine and Far West Mine in each year respectively. Payments for exploration and evaluation expenditure were $2.4 million lower in the current period due to the impact of the wet season on exploration activities.

Cash flow from financing activities for the year ended 30 June 2019 decreased by $2.5 million to $0.1 million (FY18: $2.6 million) primarily due to the exercise of options by employees and shareholders in the prior period.

Cash and cash equivalents increased during the year ended 30 June 2019 $5.7 million with cash and cash equivalent at the end of the period of $25.9 million (30 June 2018: $20.18 million) .

END OF REVIEW OF FINANCIAL RESULTS

REVIEW OF OPERATIONS

1. Safety & Environmental Performance

During the period from 1 July 2018 to 30 June 2019, there were no lost time Injuries and five medically treated injuries recorded.

The Total Recordable Injury Frequency Rate (TRIFR) for the period was 8.0. Recordable injuries include those that result in any days away from work (Lost Time Injuries), and those where an employee or contractor cannot perform all or any of their normal shift (Restricted Work Day Injuries) plus any injury that requires the services that only a medical practitioner can provide (Medical Treatment Injuries).

The Thalanga Operation received over 340mm of rain during the severe regional flooding event in late January and early February 2019. It is of great credit to the Thalanga Operation's management team and workforce that production continued during this period.

2. Thalanga Operation

The Thalanga Operation is located 60km SW of Charters Towers in North Queensland and consists of the following key assets:

- 650ktpa capacity polymetallic processing facility capable of producing separate copper, lead and zinc concentrates;
- Tailings storage facility; and
- Site offices, workshops and change facilities.

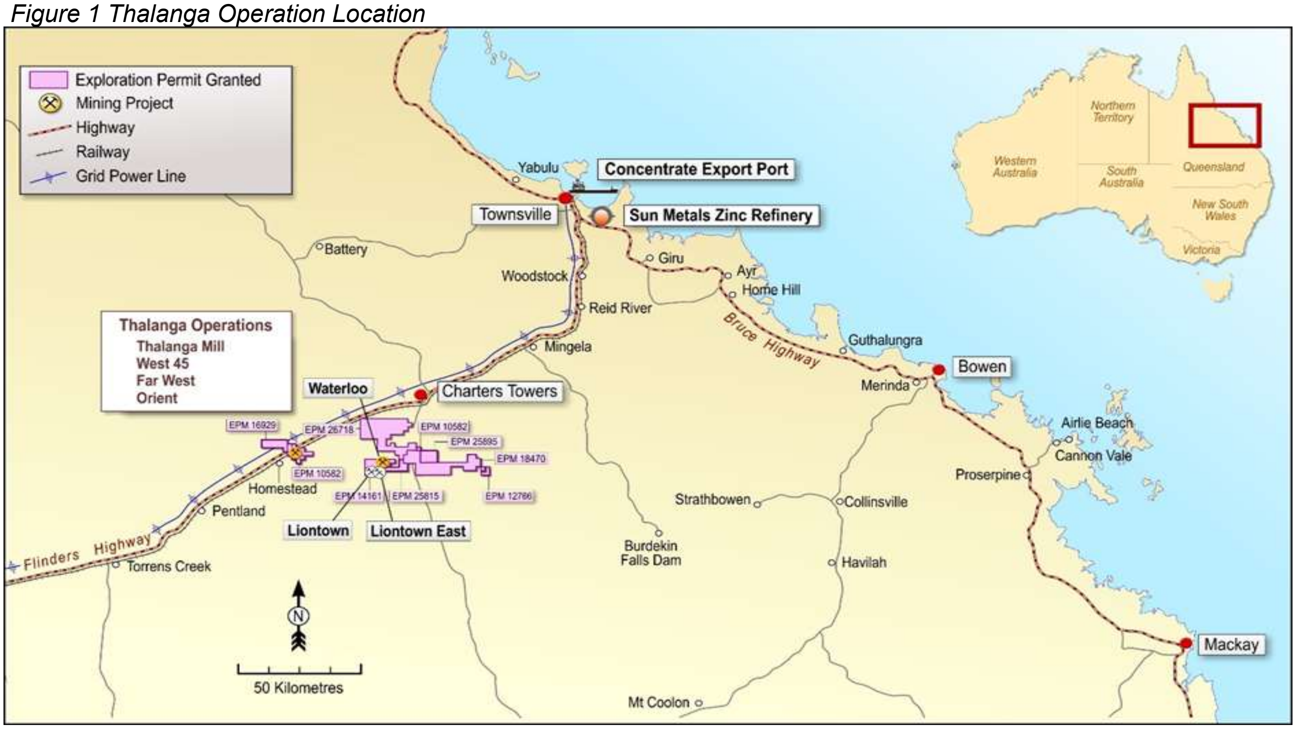
Site access is by sealed road and Thalanga is run as a residential operation, with the workforce predominately living in Charters Towers. Thalanga is located 200km from the Port of Townsville (Australia's largest base metal concentrate export port) and also Korea Zinc's Sun Metals zinc refinery.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

2. Thalanga Operation (continued)

Figure 1 Thalanga Operation Location



The Thalanga Plant is designed for a nominal throughput of 650ktpa, using standard industry technology to produce saleable copper, lead and zinc concentrates via flotation. The plant flowsheet is summarised as:

- Crushing circuit (three-stage crushing circuit);
- Milling circuit (1 primary and 2 secondary ball mills);
- Concentrate flotation circuit (differential copper, lead and zinc flotation circuits);
- Concentrate thickening and filtration;
- Regrind circuit;
- Concentrate storage, blending and transport; and
- Sub-aqueous disposal of tailings to fully permitted Tailings Storage Facility ("TSF") with sufficient existing capacity for currently planned operations.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

2. Thalanga Operation (continued)

Figure 2 Thalanga Operation

3. Production

The Thalanga Operation broke all production records during the year ended 30 June 2019. The majority of ore mined and processed came from West 45 (development ore and production ore). Towards the end of the period, development ore from Far West was mined and successfully processed through the plant.

Key production records were:

- Total tonnes mined: 383kt @ 10.2% Zn Eq. (FY2018: 248kt @ 9.2% Zn Eq.)
- Total tonnes processed: 407kt @ 10.3% Zn Eq. (FY2018: 228kt @ 10.0% Zn Eq.)
- Zinc concentrate produced: 32,504 dry metric tonnes (DMT) (FY2018: 17,100 DMT)
- Lead concentrate produced: 12,886 DMT (FY2018: 6,920 DMT)
- Copper concentrate produced: 4,642 DMT (FY2018: 1,522 DMT)

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

3. Production (continued)

Table 1 Thalanga Operation FY2019 Production Summary

	Units	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total FY19
Ore mined	**'000 Tns**	**90**	**96**	**106**	**90**	**383**
Copper grade	%	0.3	0.4	0.6	0.5	0.4
Lead grade	%	2.2	2.4	3.1	2.3	2.5
Zinc grade	%	5.0	5.4	5.8	5.0	5.3
Gold grade	g/t	0.2	0.2	0.3	0.2	0.2
Silver grade	g/t	31	39	53	43	42
Zinc equivalent [(1)]	%	8.8	9.9	11.9	9.8	10.2
Ore processed	**'000 Tns**	**98**	**95**	**109**	**104**	**407**
Copper grade	%	0.3	0.4	0.5	0.6	0.5
Lead grade	%	2.2	2.6	2.9	2.6	2.6
Zinc grade	%	4.3	5.2	5.5	5.4	5.1
Gold grade	g/t	0.1	0.2	0.3	0.3	0.2
Silver grade	g/t	30	46	55	56	47
Zinc equivalent [(1)]	%	8.2	10.1	11.4	11.2	10.3
Zinc concentrate produced	**DMT[(2)]**	**6,800**	**7,695**	**8,952**	**9,057**	**32,504**
Zinc grade	%	55.0	56.8	59.3	55.4	56.7
Zinc recovery	%	89.2	87.8	88.6	88.7	88.6
Lead concentrate produced	**DMT[(2)]**	**2,747**	**3,007**	**3,763**	**3,369**	**12,886**
Lead grade	%	62.2	65.7	69.3	64.5	65.7
Copper grade	%	4.3	2.9	1.6	1.6	2.5
Gold grade	g/t	3.6	2.6	2.6	2.7	2.8
Silver grade	g/t	787	786	831	822	809
Lead recovery	%	80.1	80.6	81.9	79.7	80.7
Copper recovery	%	36.0	22.6	10.3	9.0	16.8
Copper concentrate produced	**DMT[(2)]**	**417**	**725**	**1,694**	**1,806**	**4,642**
Copper grade	%	27.9	28.6	25.4	23.8	25.5
Gold grade	g/t	2.3	7.6	6.7	6.8	6.5
Silver grade	g/t	225	1311	956	1116	1008
Copper recovery	%	35.1	54.1	73.5	71.1	62.2
Zinc concentrate sold	**DMT[(2)]**	**5,749**	**7,121**	**9,052**	**9,902**	**31,824**
Lead concentrate sold	**DMT[(2)]**	**2,616**	**2,828**	**3,758**	**3,422**	**12,624**
Copper conc. sold	**DMT[(2)]**	**535**	**347**	**2,008**	**1,927**	**4,817**

[(1)] Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Zinc Equivalent Calculation as part of Mineral Resource and Ore Reserve Statement. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

[(2)] Dry metric tonne.

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding.

Zinc recovery to zinc concentrate averaged 88.6% for the period and a high-quality zinc concentrate grading 56.7% zinc was produced. The Thalanga zinc concentrate has exceptionally low levels of iron and silica with no penalty elements and is currently one of the, if not the, highest quality zinc concentrate produced in Australia.

Lead recovery to lead concentrate averaged 80.7% for the period, and a high-quality lead concentrate grading 65.7% Pb, 2.8 g/t Au & 809 g/t Ag was produced.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

3. Production (continued)

Copper recovery to copper concentrate showed a marked improvement over the previous year, with an average recovery of 62.2% during the period (FY2018: average copper recovery to copper concentrate was 39.2%) to a high-quality copper concentrate grading 25.5% Cu, 6.5 g/t Au and 1,008 g/t Ag.

4. Concentrate Sales and Marketing

Thalanga Operations sold 31,824 DMT zinc concentrate, 12,624 DMT lead concentrate and 4,817 DMT copper concentrate during the period. Concentrate quality was excellent and was well received by Red River's offtake partners.

The Company continued to execute a short-term price fixing program over the quotation period (QP) for sales of zinc and lead metal already produced. Typically, between 80% and 90% of the payable zinc and lead metal for each shipment of zinc and lead concentrates was price fixed for the period from the issue of the first provisional sales invoice to the final settlement of the sale, which may occur between one and three months later. The QP price fixes currently in place on the zinc and lead concentrate sales at the end of the period range between US$1.13 and US$1.27 per pound of payable zinc metal and US$0.88 per pound of payable lead metal.

5. Project Development Activities

During the period, Red River invested over $12 million in project development activities, with the focus being on developing Far West, which will be Red River's next mine at Thalanga.

The first decline cut at Far West was taken early in July 2018, and over 2,500m of development (decline, lateral development, vertical development and ore drives) was completed during the period. Ventilation fans were installed, and over 14,000t of development ore was mined from Far West during the period.

Figure 3 Far West – First Decline Cut

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

5. Project Development Activities (continued)

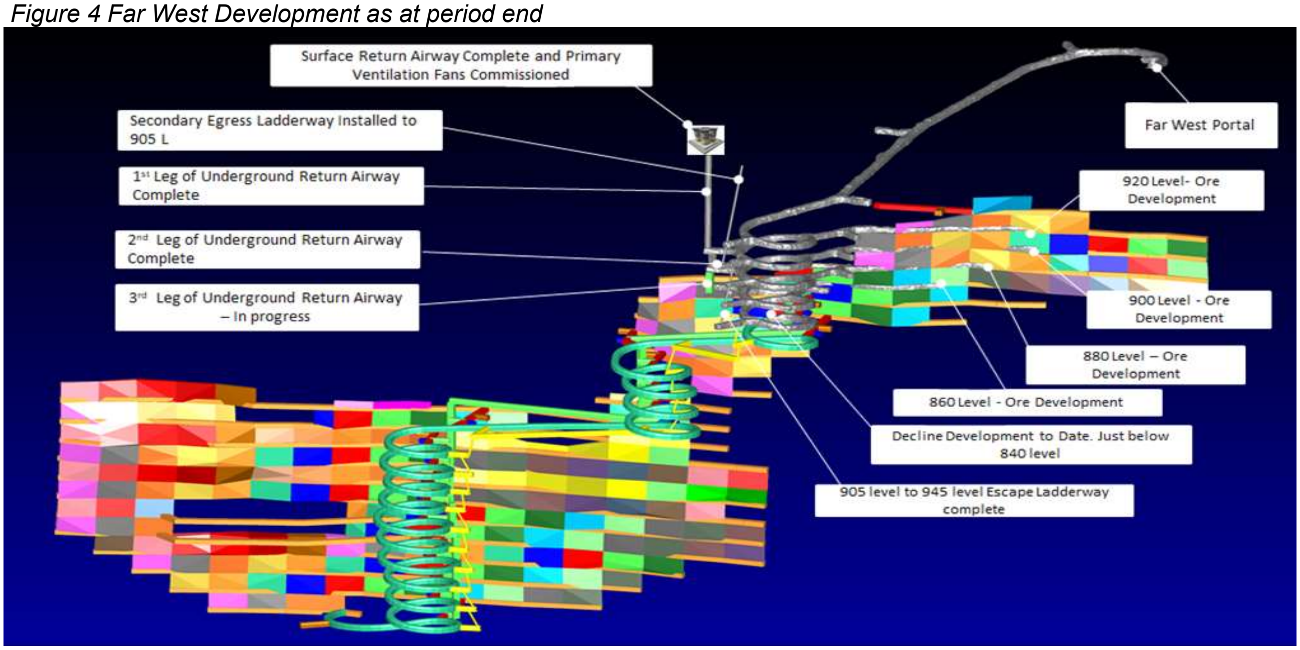
The metallurgical performance of the Far West development ore through the mill to date has been outstanding, with recoveries and concentrate grades in line with, or in most cases significantly greater than, the estimates used in the Thalanga Zinc Project Re-Start Study (refer to Table 2).

Table 2 Metallurgical Performance of Far West Development Ore

	Far West Development Ore[1]		Re-Start Study[2] Estimate	
	Recovery (%)	Conc.grade (%)	Recovery (%)	Conc.grade (%)
Copper in copper concentrate	84.4	26.0	80.0	26.0
Lead in lead concentrate	79.9	70.1	75.0	60.0
Zinc in zinc concentrate	89.2	59.3	89.0	56.0

[1] Far West ore processed (11 February 2019 to 5 March 2019).
[2] Table 6 Metallurgical Grades and Recoveries, pg. 18, Thalanga Zinc Project Re-Start Study (ASX Release 12 November 2015).

Figure 4 Far West Development as at period end



During the period, over 10,000m of drilling was completed during project development activities. The majority of drilling took place at West 45 (to support mining operations and to extend mine life) and Far West.

Table 3 Thalanga Operations FY2019 Drilling Summary (Project Development)

Project	Holes Completed	Total Metres Drilled
West 45	42	4,065
Far West	20	3,190
Waterloo	8	2,277
Thalanga Central	3	638
Total	73	10,170

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

6. Exploration Activities

Red River continues to undertake a high impact exploration program with the aim of increasing the Thalanga Base Metal Operation Mineral Resource to extend mine life and/or increase mill utilisation; and discovery of the next generation of ore bodies within the Mt Windsor Belt.

The highlight of the year was the announcement of a Mineral Resource at Liontown East polymetallic deposit of 1.5Mt @ 12.2% Zn Eq. The discovery hole (LTED01) was drilled targeting a coincidental geophysical and geochemical anomaly at Liontown East in July 2016. LTED01 intersected massive and semi massive sulphide mineralisation, with the first zone including 4.3m @ 25.2% Zn Eq. from 452.7m downhole.

Table 4 Liontown East Mineral Resource (>5% Zn Eq.)

Resource Class	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag (g/t)	Zn Eq %
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Inferred	1,515	0.5	2.5	7.3	0.7	29	12.2
Total	**1,515**	**0.5**	**2.5**	**7.3**	**0.7**	**29**	**12.2**

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding.
Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in the Mineral Resources and Ore Reserves Statement. It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

The combined Liontown Project Mineral Resource (Liontown and Liontown East) now stands at 3.6Mt @ 10.0% Zn Eq.

Table 5 Liontown Project Mineral Resource

Deposit	Classification	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag (g/t)	Zn Eq %
Liontown	Measured	-	-	-	-	-	-	-
	Indicated	367	0.5	1.8	4.6	1.3	21	8.3
	Inferred	1,671	0.5	1.5	4.6	0.8	26	8.4
Subtotal		**2,038**	**0.5**	**1.6**	**4.6**	**0.8**	**25**	**8.4**
Liontown East	Measured	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-
	Inferred	1,515	0.5	2.5	7.3	0.7	29	12.2
Subtotal		**1,515**	**0.5**	**2.5**	**7.3**	**0.7**	**29**	**12.2**
Liontown Combined	Measured	-	-	-	-	-	-	-
	Indicated	367	0.5	1.8	4.6	1.3	21	8.3
	Inferred	3,185	0.5	2.0	5.9	0.7	28	10.2
Total		**3,553**	**0.5**	**2.0**	**5.7**	**0.8**	**27**	**10.0**

Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding.
Source: Liontown Deposit JORC 2012 Resource Estimate (ASX Release, 24 June 2015), Maiden Liontown East Mineral Resource (ASX Release, 18 July 2018).
Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in the Mineral Resources and Ore Reserves Statement. It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

6. Exploration Activities (continued)

During the year over 5,000m of drilling was completed and at number of targets were tested (refer to Table 6).

The majority of drilling was concentrated at the Kitchen Rock Hill target where RVR defined an extensive high sulphidation target with zones of intense argillic alteration. An external consultant undertook a review of the drilling and this indicated that the area of the Kitchen Rock Hill system where RVR was drilling was unlikely to be fertile (host economic mineralisation). The drilling program was placed on hold and the decision was taken to concentrate on mapping and surface sampling across the target area to target areas of the system that could be fertile.

RVR completed a two hole (ERDD18001 & ERDD18005) program at Ermine before demobilising the drilling rig for the wet season. The program aimed to test several geophysical and geochemical anomalies in the larger Ermine-Echidna mineralised system.

The highlight from the drilling was an intercept of high-grade polymetallic massive sulphide mineralisation in ERDD18005: 1.95m @ 15.5% Zn Eq. (1.1% Cu, 2.2% Pb, 9.1% Zn, 0.1 g/t Au & 33 g/t Ag) from 223.05m down hole at the Ermine North target. The Ermine-Echidna system is located on EPM 12766 and is approximately 75km east of Red River's Thalanga Operations.

Table 6 Thalanga Operations FY2019 Drilling Summary (Exploration)

Project	Holes Completed	Total Metres Drilled
Kitchen Rock Hill	7	2,660
Liontown	2	879
Orion	2	745
Ermine	2	647
Thalanga Range	1	324
Total	14	5,255

7. Mineral Resources and Ore Reserves Statement

The Mineral Resources and Ore Reserves for Red River Resources as at 30 June 2019 are as follows, and are reported in accordance with the guidelines in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code)' and Chapter 18 of the Listing Rules. Mineral Resources and Ore Reserve tables are provided below. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources that convert to Ore Reserves.

Mineral Resource and Ore Reserve Annual Comparison
The Mineral Resource and Ore Reserve (2019) for Red River Resources is summarised in the table below along with the Mineral Resource and Ore Reserve (2018) for comparison.

Table 7 Mineral Resource and Ore Reserve Estimate Annual Comparison

Mineral Resource (2019)	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag (g/t)	Zn Eq %
West 45	242	0.5	2.6	5.5	0.3	50	10.7
Far West	1,686	1.6	2.2	6.4	0.3	61	15.3
Orient	540	0.9	1.8	7.9	0.2	44	13.6
Waterloo	707	1.9	1.6	11.0	0.9	50	19.1
Liontown	3,553	0.5	2.0	5.7	0.8	27	10.0
Total	**6,728**	**1.0**	**2.0**	**6.6**	**0.6**	**40**	**12.6**

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

7. Mineral Resources and Ore Reserves Statement (continued)

Mineral Resource and Ore Reserve Annual Comparison (continued)

Table 7 Mineral Resource and Ore Reserve Estimate Annual Comparison (continued)

Mineral Resource (2018)	**Tonnage (kt)**	**Cu %**	**Pb %**	**Zn %**	**Au g/t**	**Ag (g/t)**	**Zn Eq %**
West 45	582	0.6	3.7	8.4	0.3	73	15.4
Far West	1,693	1.6	2.1	6.5	0.2	59	15.5
Orient	540	0.9	1.8	7.9	0.2	44	13.6
Waterloo	707	1.9	1.6	11.0	0.9	50	19.1
Liontown	3,553	0.5	2.0	5.7	0.8	27	10.0
Total	**7,075**	**0.9**	**2.1**	**6.8**	**0.6**	**42**	**13.0**
Ore Reserve (2019)	**Tonnage (kt)**	**Cu %**	**Pb %**	**Zn %**	**Au g/t**	**Ag (g/t)**	**Zn Eq %**
West 45	126	0.3	2.4	4.6	0.3	49	9.3
Far West	1,423	1.4	1.7	5.1	0.3	49	12.6
Total	**1,549**	**1.3**	**1.8**	**5.1**	**0.3**	**49**	**12.3**
Ore Reserve (2018)	**Tonnage (kt)**	**Cu %**	**Pb %**	**Zn %**	**Au g/t**	**Ag (g/t)**	**Zn Eq %**
West 45	567	0.4	2.8	6.4	0.3	53	11.6
Far West	1,534	1.3	1.6	5.0	0.2	45	12.0
Total	**2,101**	**1.1**	**1.9**	**5.4**	**0.2**	**47**	**11.9**
Note that the Liontown Mineral Resources is reported inclusive of the Liontown East Mineral Resource. Table subject to rounding errors.							

Information in the table above was sourced from the following. Please refer to the appendices in the relevant release for the supporting information.

Table 8 Mineral Resource and Ore Reserve Estimate and Release Dates

Deposit	**Resource / Reserve**	**Estimate Date**	**Release Date**
West 45	Mineral Resource 2019	30-Jun-19	30-Aug-19
Far West	Mineral Resource 2019	30-Jun-19	30-Aug-19
Orient	Mineral Resource 2019	9-Feb-15	11-Feb-15
Waterloo	Mineral Resource 2019	7-Feb-15	24-Apr-15
Liontown	Mineral Resource 2019	2-Jul-18	18-Jul-18
West 45	Mineral Resource 2018	9-Feb-15	11-Feb-15
Far West	Mineral Resource 2018	9-May-16	16-May-16
Orient	Mineral Resource 2018	9-Feb-15	11-Feb-15
Waterloo	Mineral Resource 2018	7-Feb-15	24-Apr-15
Liontown	Mineral Resource 2018	18-Jun-15	24-Jun-15
Liontown East	Mineral Resource 2018	2-Jul-18	18-Jul-18
West 45	Ore Reserve 2019	30-Jun-19	30-Aug-19
Far West	Ore Reserve 2019	30-Jun-19	30-Aug-19
West 45	Ore Reserve 2018	18-Dec-17	20-Dec-01
Far West	Ore Reserve 2018	19-Nov-17	21-Nov-17

Mineral Resources and Ore Reserve information in this statement has been compiled by Competent Persons (as defined by the 2012 JORC Code). Each Competent Person consents to the inclusion of the information in this report that they have provided in the form and context in which it appears. Competent Persons are listed on pages 18 and 20 of the Directors' Report.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

7. Mineral Resources and Ore Reserves Statement (continued)

Ore Reserve (2019)
Thalanga Operations Ore Reserve (2019) is 1,549kt @ 1.3% Cu, 1.8% Pb, 5.1% Zn, 0.3 g/t Au & 49 g/t Ag (12.3% Zinc Equivalent).

Table 9 Thalanga Operations Ore Reserve

Deposit	Classification	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag (g/t)	Zn Eq %
West 45	Proved	-	-	-	-	-	-	-
	Probable	126	0.3	2.4	4.6	0.3	49	9.3
Total		**126**	**0.3**	**2.4**	**4.6**	**0.3**	**49**	**9.3**
Far West	Proved	117	1.4	1.3	4.1	0.2	46	11.1
	Probable	1,306	1.4	1.8	5.2	0.3	49	12.7
Total		**1,423**	**1.4**	**1.7**	**5.1**	**0.3**	**49**	**12.6**
Thalanga	Proved	117	1.4	1.3	4.1	0.2	46	11.1
Operation	Probable	1,432	1.3	1.8	5.2	0.3	49	12.4
Total		**1,549**	**1.3**	**1.8**	**5.1**	**0.3**	**49**	**12.3**

Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Zinc Equivalent Calculation as part of Mineral Resource and Ore Reserve Statement.
It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Table subject to rounding errors, Please refer to Competent Persons Statements for appropriate Competent Persons Statement.

An explanation of any material changes in Ore Reserve per deposit:

West 45 Ore Reserve
- West 45 Ore Reserve decreased due to mining depletion.
- Red River Resources is not aware of anything that materially affects the information contained in the West 45 Ore Reserve estimate.

Far West Ore Reserve
- Far West Ore Reserve decreased due to a change in cut-off grade.
- Red River Resources is not aware of anything that materially affects the information contained in the Far West Ore Reserve estimate.

Competent Person Statement - Ore Reserves
The information in this report that relates to the estimation and reporting of the West 45 and Far West Ore Reserves is based on and fairly represents, information and supporting documentation compiled by Mr. Mel Palancian who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Red River Resources. Mr. Palancian has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

7. Mineral Resources and Ore Reserves Statement (continued)

Mineral Resource (2019)
Thalanga Operations Mineral Resource (2019) is 6,728kt @ 1.0% Cu, 2.0% Pb, 6.6% Zn, 0.6 g/t Au & 40 g/t Ag (12.6% Zinc Equivalent).

Table 10 Thalanga Operations Mineral Resource

Deposit	Classification	Tonnage (kt)	Cu %	Pb %	Zn %	Au g/t	Ag (g/t)	Zn Eq %
West 45	Measured	54	0.5	3.1	7.0	0.3	54	13.0
	Indicated	174	0.4	2.4	4.9	0.3	50	9.8
	Inferred	13	0.6	4.2	7.3	0.3	29	13.7
Total		**242**	**0.5**	**2.6**	**5.5**	**0.3**	**50**	**10.7**
Far West	Measured	169	1.8	1.8	5.8	0.3	57	14.8
	Indicated	1,190	1.7	2.2	6.6	0.3	62	15.8
	Inferred	328	1.3	2.0	6.2	0.3	60	13.8
Total		**1,686**	**1.6**	**2.2**	**6.4**	**0.3**	**61**	**15.3**
Orient	Measured	-	-	-	-	-	-	-
	Indicated	496	0.9	1.8	7.7	0.2	44	13.4
	Inferred	44	0.8	1.8	10.9	0.2	46	16.2
Total		**540**	**0.9**	**1.8**	**7.9**	**0.2**	**44**	**13.6**
Waterloo	Measured	-	-	-	-	-	-	-
	Indicated	406	2.7	2.1	13.4	1.4	68	24.6
	Inferred	301	0.9	0.9	7.9	0.4	27	11.8
Total		**707**	**1.9**	**1.6**	**11.0**	**0.9**	**50**	**19.1**
Liontown	Measured	-	-	-	-	-	-	-
	Indicated	367	0.5	1.8	4.6	1.3	21	8.3
	Inferred	3,185	0.5	2.0	5.9	0.7	28	10.2
Total		**3,553**	**0.5**	**2.0**	**5.7**	**0.8**	**27**	**10.0**
Thalanga Operation	Measured	223	1.5	2.1	6.1	0.3	56	14.4
	Indicated	2,633	1.5	2.1	7.5	0.6	53	15.3
	Inferred	3,871	0.6	1.9	6.1	0.6	31	10.7
Total		**6,728**	**1.0**	**2.0**	**6.6**	**0.6**	**40**	**12.6**

Zinc equivalent (Zn Eq.) has been calculated using the metal selling prices, recoveries and other assumptions contained in Zinc Equivalent Calculation as part of Mineral Resource and Ore Reserve Statement.
It is Red River's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Table subject to rounding errors.
Note that the Liontown Mineral Resources is reported inclusive of the Liontown East Mineral Resource.
Please refer to Competent Persons Statements for appropriate Competent Persons Statement.

An explanation of any material changes in Mineral Resource per deposit:

West 45 Mineral Resource
- The West 45 Mineral Resource was estimated as at 30 June 2019. The Mineral Resource decreased due to mining depletion.
- Red River Resources is not aware of anything that materially affects the information contained in the West 45 Mineral Resource estimate.

Far West Mineral Resource
- Far West Mineral Resource was estimated as at 30 June 2019.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

7. Mineral Resources and Ore Reserves Statement (continued)

Mineral Resource (2019) (continued)

Waterloo Mineral Resource
- Red River Resources confirms that it is not aware of any new information or data that would materially affect the Waterloo Mineral Resource estimate as at 7 February 2015.

Orient Mineral Resource
- Red River Resources confirms that it is not aware of any new information or data that would materially affect the Orient Mineral Resource estimate as at 9 February 2015.

Liontown Mineral Resource
- The Liontown Mineral Resource is reported inclusive of the Liontown East Mineral Resource.
- Red River Resources confirms that it is not aware of any new information or data that would materially affect the Liontown Mineral Resource estimate as at 18 June 2015.
- Maiden Liontown East Mineral Resource was estimated as at 2 July 2018 and is the result of a drilling program commencing with the discovery hole drilled in July 2016.

Competent Person Statement - Orient, Waterloo and Liontown Mineral Resource
The information in this report that relates to the estimation and reporting of the Orient, Waterloo and Liontown Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mr. Stuart Hutchin who is a Member of The Australasian Institute of Mining and Metallurgy, Member of the Australian Institute of Geoscientists and a full time employee of Mining One Consultants Pty Ltd. Mr. Hutchin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Competent Person Statement - West 45, Far West and Liontown East Mineral Resource
The information in this report that relates to the estimation and reporting of the West 45, Far West and Liontown East Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mr. Peter Carolan who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Red River Resources Ltd.

Mr. Carolan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'.

Mr. Carolan consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The information in this report that relates to database compilation, geological interpretation and mineralisation wireframing, project parameters and costs and overall supervision and direction of the Liontown East Mineral Resource estimation is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of Mr. Carolan.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

8. Governance Arrangements

Updates to Mineral Resources and Ore Reserve estimates completed during the period, were completed in accordance with the guiding principles contained within the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). This included:

- Reporting in compliance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition).
- Suitably qualified and experienced Competent Persons.
- All Mineral Resources and Ore Reserve estimates being subject to internal review by suitably qualified practitioners, inclusive of Competent Persons.

9. Zinc Equivalent Calculation

The net smelter return zinc equivalent (Zn Eq.) calculation adjusts individual grades for all metals included in the metal equivalent calculation applying the following modifying factors: metallurgical recoveries, payability factors (concentrate treatment charges, refining charges, metal payment terms, net smelter return royalties and logistic costs) and metal prices in generating a zinc equivalent value for copper (Cu), lead (Pb), zinc (Zn), gold (Au) and silver (Ag). Red River has selected to report on a zinc equivalent basis, as zinc is the metal that contributes the most to the net smelter return zinc equivalent (Zn Eq.) calculation. It is the view of Red River Resources that all the metals used in the Zn Eq. formula are expected to be recovered and sold.

Where:
Metallurgical Recoveries are derived from historical metallurgical recoveries from test work carried out at the respective deposits. The Metallurgical Recovery for each metal is shown below in Table 11.
Metal Prices and Foreign Exchange assumptions are set as per internal Red River price forecasts and are shown below in Table 11.

Table 11 Metallurgical Recoveries and Metal Prices

Metallurgical Recoveries and Metal Prices					
			West 45, Thalanga Far West, Orient & Liontown (Fresh Resource)	Waterloo (Fresh Resource)	Waterloo (Transition Resource)
Metal	Price	Units	Recoveries	Recoveries	Recoveries
Copper	US$/lb	US$3.00	80%	80%	58%
Lead	US$/lb	US$0.90	70%	70%	0%
Zinc	US$/lb	US$1.00	88%	88%	76%
Gold	US$/oz	US$1,200	15%	50%	30%
Silver	US$/oz	US$17.00	65%	65%	58%
FX Rate: A$1.00: US$0.85					

Payable Metal Factors are calculated for each metal and make allowance for concentrate treatment charges, transport losses, refining charges, metal payment terms and logistic costs. It is the view of Red River that three separate saleable base metal concentrates will be produced at Thalanga. Payable metal factors are detailed below in Table 12.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

9. Zinc Equivalent Calculation (continued)

Table 12 Payable Metal Factor

Payable Metal Factors	
Copper	Copper concentrate treatment charges, copper metal refining charges, copper metal payment terms (in copper concentrate), logistic costs and net smelter return royalties.
Lead	Lead concentrate treatment charges, lead metal payment terms (in lead concentrate), logistic costs and net smelter return royalties.
Zinc	Zinc concentrate treatment charges, zinc metal payment terms (in zinc concentrate), logistic costs and net smelter return royalties.
Gold	Gold metal payment terms (in copper and lead concentrates), gold refining charges and net smelter return royalties.
Silver	Silver metal payment terms (in copper, lead and zinc concentrates), silver refining charges and net smelter return royalties.

The zinc equivalent grade is calculated as per the following formula:

Zn Eq. = (Zn% *ZnMEF) + (Cu%*CuMEF) + (Pb%*PbMEF) + (Au ppm*AuMEF) + (Ag ppm*AgMEF)

The following metal equivalent factors used in the zinc equivalent grade calculation has been derived from metal price x Metallurgical Recovery x Payable Metal Factor, and have then been adjusted relative to zinc (where zinc metal equivalent factor = 1).

Table 13 Metal Equivalent Factor (MEF)

Metal Equivalent Factor (MEF)					
Project	Copper (CuMEF)	Lead (Pb MEF)	Zinc (ZnMEF)	Gold (AuMEF)	Silver (AgMEF)
West 45, Thalanga Far West, Orient & Liontown (Fresh)	3.300	0.900	1.000	0.500	0.025
Waterloo (Fresh)	3.400	0.750	1.000	0.500	0.025
Waterloo (Transition)	2.500	0.000	0.840	0.400	0.010

END OF OPERATIONS REVIEW

Significant Changes in State of Affairs
During the course of the year ended 30 June 2019, the Far West Mine was developed at the Company's Thalanga Operations.

Other than the above, there were no other significant changes in state of affairs during the financial year.

Events Occurring After Balance Date
3 July 2019 - The Company announced the acquisition of 100% of the high-grade Hillgrove Gold-Antinomy Project in NSW for a total acquisition cost of $4 million, payable in the Company's shares.

16 August 2019 - The Company advised that the final condition precedent had been satisfied for the Hillgrove Gold-Antinomy Project acquisition and that the transaction would complete shortly.

27 August 2019 - The Company advised that the acquisition of Hillgrove Mines Pty Ltd had completed.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of these operations, or the consolidated entity's state of affairs in future financial years.

Directors' Report (continued)

Likely Developments and Expected Results
Information on likely developments in the operations of the Company and the expected results of those operations have not been included in this report as the directors believe it would be likely to result in unreasonable prejudice to the Company. The Company is to continue to explore for metals on its properties, and maximise production from its Thalanga Operation.

Shares Under Options and Performance Rights
Unissued ordinary shares of the Company under options and rights at the date of this report are as follows:

Instrument	Grant Date	Vesting Date	Expiry Date	Exercise Price $	Number of Options / Rights at Date of Report
Options	1/9/2017	1/7/2020	30/6/2022	0.30	3,300,000
Rights	27/102016	28/10/2019	31/10/2019	Nil	3,084,744
Rights	17/11/2017	28/10/2020	31/10/2020	Nil	2,556,669
Rights	26/9/2018	28/10/2021	31/10/2021	Nil	1,554,821
Rights	25/10/2018	28/10/2021	31/10/2021	Nil	1,033,673

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

Option and performance rights holders do not have any rights, by virtue of the option or performance right held, to participate in any share issue of the Company. Options and performance rights will not give any right to participate in dividends or any voting rights until shares are issued upon the exercise of vested options or performance rights.

Shares Issued on the Exercise of Options
During the year ended 30 June 2019 and up to the date of this report, 750,000 options previously granted to Key Management Personnel at the company's Annual General Meeting on the 27th of October 2016, with an expiry date of 30 June 2019, were exercised at $0.12 each.

Directors' Meetings
The following table sets out the number of meetings of the Company’s directors (including meetings of committees of directors) held during the year ended 30 June 2019, and the number of meetings attended by each director:

	Directors' Meetings		Audit & Risk Committee		Nomination & Remuneration Committee	
Director	Number of meetings held[2]	Number attended	Number of meetings held[2]	Number attended	Number of meetings held[2]	Number attended
Mr. Brett Fletcher	9	9	2	2	1	1
Mr. Melkon Palancian	9	9	-	-	-	-
Mr. Donald Garner	9	9	-	-	-	-
Mr. James Black[1]	1	-	-	-	-	-
Mr. Mark Hanlon	9	9	2	2	1	1

[1] *Mr. James Black resigned effective 23 August 2018.*
[2] *Meetings held while each director was a director or member of a committee.*

Directors' Report (continued)

Board Committees
As at the date of this report the Company had an Audit & Risk Committee and a Nomination & Remuneration Committee of the Board of Directors. The eligibility and attendance of each of the Directors is disclosed in the table on page 20. The chairman of each committee was:

- Audit & Risk Committee - Mr. Mark Hanlon
- Nomination & Remuneration Committee - Mr. Mark Hanlon

REMUNERATION REPORT

The remuneration report for the year ended 30 June 2019 outlines the Director and executive remuneration arrangements of the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key Management Personnel (KMP) of the consolidated entity are detailed in the table below and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors, whether executive or otherwise of the Company.

Executive KMP		Non-Executive KMP	
Mr. Mel Palancian	Managing Director	Mr. Brett Fletcher	Board Chairman
Mr. Donald Garner	Executive Director	Mr. Mark Hanlon	Non-Executive Director
Mr. Rod Lovelady	Chief Financial Officer	Mr. James Black[1]	Non-Executive Director
Mr. Karl Spaleck	General Manager - Thalanga Operation		

[1] *Mr. James Black resigned effective 23 August 2018.*

Board Oversight - Nomination and Remuneration Committee
The Board is responsible for ensuring that the consolidated entity's remuneration structures are aligned with the long-term interests of the consolidated entity and its Shareholders. Accordingly, the Board has an established a Nomination and Remuneration Committee to assist it in making decisions in relation to KMP remuneration.

During the financial year the Committee comprised of 'three Independent Non-Executive Directors:

- Mr. Mark Hanlon (Chair);
- Mr. Brett Fletcher; and
- Mr. James Black (resigned effective 23 August 2018).

The Committee's responsibilities include reviewing and making recommendations to the Board on:

- the Company’s remuneration policy and framework (including determining short term incentives (STI's) key performance indicators and long term incentives (LTI's) performance hurdles, and vesting of STI's and LTI's);
- Senior executives’ remuneration and incentives (including KMP and other senior management);
- Non-executive Director individual remuneration, and the aggregate pool for approval by Shareholders;
- Senior management performance assessment process; and
- Short term incentive strategy, performance targets and bonus payments.

To ensure it is fully informed when making remuneration decisions the Committee undertakes a broad review of data derived from remuneration consultants and from industry recognised remuneration reports. The Committee did not utilise a remuneration consultant during the year ended 30 June 2019. However, the Committee did carry out its own benchmarking exercise against other similar resources companies.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Remuneration Principles and Overview
The consolidated entity's remuneration policy for executives is designed to promote superior performance and long term commitment to the company. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the consolidated entity and its Shareholders to do so. The main principles of the policy are:

- The consolidated entity's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- Remuneration reflects the competitive market in which the consolidated entity operates;
- Structured short and long term incentives are challenging and linked to the creation of sustainable shareholder returns; and
- Individual reward should be linked to both financial and non-financial performance criteria.

The Board considers that executive remuneration must be sufficient to attract and retain a talented and successful executive team.

Executive Remuneration
Total remuneration for the year ended 30 June 2019 consisted of a mix of :

- Fixed remuneration that reflects the executives job size and responsibilities, professional competence, knowledge and experience; and
- "at risk" variable remuneration, comprising short-term and long-term incentives.

Fixed Remuneration
Fixed remuneration consisting of base salary, superannuation and non-monetary benefits are reviewed annually and any adjustments are approved by the Board after recommendation by the Nomination and Remuneration Committee.

Variable Remuneration - Short Term Incentive
The Committee has established a Short-Term Incentive Plan (STIP) structure and review process to strongly link executive remuneration to performance and to the creation of value for shareholders. The STIP is an “at risk” cash award program offering executives, depending on their role and individual performance, an opportunity to earn up to a maximum lump sum cash payment of between 40% and 60% of their base salary.

Award outcomes are determined through the Committee's assessment of an executive's progress against a range of goals and specific, measurable targets established by the Committee at the start of the performance year. Performance requirements will provide for ‘stretch’ achievement of safety, financial, production and cost outcomes in addition to achievement of Board approved budget objectives, works programmes and strategic plans.

The payment of all STI's is subject to Board approval. The Board has discretion to adjust remuneration outcomes higher or lower to prevent any inappropriate reward outcome, including reducing (down to zero, if appropriate) any STI outcome.

Variable Remuneration - Long Term Incentive
The Company's Long-Term Incentive Plan (LTIP) was approved by shareholders at the 2016 Annual General Meeting.

The objective of the LTIP is to incentivise and focus the executive and management team to achieve superior Total Shareholder Return (TSR) and growth in the business with longer term shareholder interests. Participants in the LTIP are provided with an "at risk" grant of performance rights, subject to the Boards discretion, on an annual basis. Performance rights are granted based on a percentage of the participants total fixed remuneration (between 40% and 60% for executives) and will potential vest after year 3 based on achievement against performance hurdles associated with TSR and growing the company's Ore Reserves and Mineral Resources. Performance rights for subsequent years will be allotted in a similar structure.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Executive Remuneration (continued)

Variable Remuneration - Long Term Incentive (continued)
TSR will be measured against a comparator group of companies that are considered to be alternate investments for investors and are impacted by commodity prices and cyclic factors in a similar way to the Company. The Board retains the discretion to adjust the comparator group of companies over time to account for mergers, takeovers, new entrants and other changes. Increases in ore reserves and mineral resources are measured after including depletion of mined reserves and resources.

Performance hurdles for LTIP 1 - Offer date 1 July 2016, Vesting date 28 October 2019 :

Hurdle	Weight.	Outcome	Level of Vesting
Total Shareholder Return	50%	below 50th percentile of comparator group 50th to 75th percentile of comparator group At or above 75th percentile	0% vest 50% to 100% on pro-rata basis 100%
Increase Mineral Resource	25%	No increase 0 to 20% increase greater than 20% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Increase Ore Reserves	25%	No increase 0 to 20% increase greater than 20% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Comparator group for evaluating TSR hurdle: Heron Resources (HRR), Venturex Resources (VXR), KGL Resources (KGL), Terramin Australia (TZN), ROX Resources (ROX), Energia Minerals (EMX), Ironbark Zinc (IBG), Consolidated Zinc (CZL), PNX Metals (PNX), Variscan Mines (VAR)			

Performance hurdles for LTIP 2 - Offer date 1 July 2017, Vesting date 28 October 2020 :

Hurdle	Weight.	Outcome	Level of Vesting
Total Shareholder Return	50%	below 50th percentile of comparator group 50th to 75th percentile of comparator group At or above 75th percentile	0% vest 50% to 100% on pro-rata basis 100%
Increase Mineral Resource	25%	No increase 0 to 25% increase greater than 25% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Increase Ore Reserves	25%	No increase 0 to 25% increase greater than 25% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Comparator group for evaluating TSR hurdle: Heron Resources (HRR), Venturex Resources (VXR), KGL Resources (KGL), Terramin Australia (TZN),Mymanmar Metals (MYL), Ironbark Zinc (IBG), Consolidated Zinc (CZL), ROX Resources (ROX), PNX Metals (PNX), New Century Resources (NCZ)			

Performance hurdles for LTIP 3 - Offer date 1 July 2018, Vesting date 28 October 2021 :

Hurdle	Weight.	Outcome	Level of Vesting
Total Shareholder Return	50%	below 50th percentile of comparator group 50th to 75th percentile of comparator group At or above 75th percentile	0% vest 50% to 100% on pro-rata basis 100%
Increase Mineral Resource	25%	No increase 0 to 25% increase greater than 25% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Increase Ore Reserves	25%	No increase 0 to 25% increase greater than 25% increase	0% Vest 0% to 100% on pro-rata basis 100% vest
Comparator group for evaluating TSR hurdle: Heron Resources (HRR), Venturex Resources (VXR), KGL Resources (KGL), Terramin Australia (TZN),Mymanmar Metals (MYL), Ironbark Zinc (IBG), Consolidated Zinc (CZL), ROX Resources (ROX), PNX Metals (PNX), New Century Resources (NCZ)			

Directors' Report (continued)

REMUNERATION REPORT (continued)

Non-Executive Remuneration
The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and Remuneration Committee reviews non-executive directors remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The Board Chair is not present at any discussions relating to determination of their own remuneration.

The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting (currently $260,000). Fees for non executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in an employee option plan (none adopted to date).

Currently each non-executive director is entitled to receive $40,000 per annum, with the non-executive Chairman receiving $80,000. These entitlements were effective 1 June 2016 and include statutory superannuation entitlements.

Service Agreements and Remuneration Commitments
Remuneration and other terms of employment for key management personnel are formalised in service agreements. The major provisions of these service agreements are as follows:

Name	Position	Term of Agreement	Base Salary including Super-annuation	Notice Period and Termination Benefit [1]	Potential STI / LTI
Mr. Mel Palancian	Managing Director	No fixed term	300,000	3 months	60% / 60%
Mr. Donald Garner	Executive Director	No fixed term	210,240	3 months	40% / 40%
Mr. Rod Lovelady	Chief Financial Officer	No fixed term	225,000	3 months	40% / 40%
Mr. Karl Spaleck	General Manager of Operations	No fixed term	280,000	3 months	40% / 40%

[1] *Termination by the Company will result in a payment to the executive equal to the number of months in the notice period.*

Apart from the above described agreement there are no outstanding commitments payable to any of the key management personnel as at 30 June 2019.

Details of Remuneration
During the 2019 financial year no options were granted (2018: 7,100,000 options were granted to the Thalanga Operations Senior Management Team); 704,777 performance rights were issued to Mr. Mel Palancian (FY18: 857,143) and 328,896 performance rights were issued to Mr. Donald Garner (FY18: 400,000) following Shareholder approval. 438,528 performance rights were issued to Mr. Karl Spaleck (FY18: 533,334) and 352,389 performance rights were issued to Mr. Rod Lovelady (FY18: 428,572) under the Company's Long-Term Incentive Plan.

Disclosures relating to directors and executive officers (key personnel) emoluments are outlined in the remainder of the Remuneration Report.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Equity Instrument Disclosure Relating to Key Management Personnel
At 30 June 2019 the relevant interest of each key management personnel who held office during the year in ordinary fully paid shares and options of the company were:

Shares - 2019 Director / KMP	Balance at beginning of year	Ordinary Shares Purchased / (Sold)	Options Exercised	Become / (Cease) to be KMP	Balance at the end of the year
D. Garner	7,594,930	36,671	-	-	7,631,601
M. Palancian	445,000	-	-	-	445,000
B. Fletcher	528,244	-	-	-	528,244
J. Black[1]	248,500	-	-	(248,500)	-
M. Hanlon	3,100,000	-	-	-	3,100,000
Total Director	11,916,674	36,671	-	(248,500)	11,704,845
R. Lovelady	50,000	-	-	-	50,000
K. Spaleck	100,000	-	750,000	-	850,000
Total KPM	150,000	-	750,000	-	900,000
Total Director/KMP	12,066,674	36,671	750,000	(248,500)	12,604,845

[1] *Mr. James Black resigned effective 23 August 2018.*

Options - 2019 Director / KMP	Balance at beginning of year	Share Options Granted as compensation	Exercised	Expired	Unvested Balance at the end of the year
D. Garner	-	-	-	-	-
M. Palancian	1,500,000	-	-	(1,500,000)	-
B. Fletcher	-	-	-	-	-
J. Black[1]	-	-	-	-	-
M. Hanlon	-	-	-	-	-
Total Director	1,500,000	-	-	(1,500,000)	-
R. Lovelady	-	-	-	-	-
K. Spaleck	750,000	-	(750,000)	-	-
Total KMP	750,000	-	(750,000)	-	-
Total Director/KMP	2,250,000	-	(750,000)	(1,500,000)	-

[1] *Mr. James Black resigned effective 23 August 2018.*

Performance Rights - 2019 Director / KMP	Balance at beginning of year	Performance Rights Granted as compensation	Vested	Become / (Cease) to be KMP	Unvested Balance at the end of the year
D. Garner	1,111,864	328,896	-	-	1,440,760
M. Palancian	2,382,566	704,777	-	-	3,087,343
B. Fletcher	-	-	-	-	-
J. Black[1]	-	-	-	-	-
M. Hanlon	-	-	-	-	-
Total Director	3,494,430	1,033,673	-	-	4,528,103
R. Lovelady	428,572	352,389	-	-	780,961
K. Spaleck	1,380,791	438,528	-	-	1,819,319
Total KMP	1,809,363	790,917	-	-	2,600,280
Total Director/KMP	5,303,793	1,824,590	-	-	7,128,383

[1] *Mr. James Black resigned effective 23 August 2018.*

Directors' Report (continued)

REMUNERATION REPORT (continued)

Shares - 2018 Director / KMP	Balance at beginning of year	Ordinary Shares Purchased / (Sold)	Options Exercised	Become / (Cease) to be KMP	Balance at the end of the year
D. Garner	7,594,930	-	-	-	7,594,930
P. Hart [1]	7,900,000	-	-	(7,900,000)	-
M. Palancian	375,000	20,000	50,000	-	445,000
B. Fletcher	409,196	-	119,048	-	528,244
J. Black[2]	248,500	-	-	-	248,500
M. Hanlon	2,432,170	-	667,830		3,100,000
Total Director	18,959,796	20,000	836,878	(7,900,000)	11,916,674
C. Bodley [3]	1,850,000	-	-	(1,850,000)	-
R. Lovelady [4]	-	-	-	50,000	50,000
K. Spaleck	100,000	-	-	-	100,000
Total KMP	1,950,000	-	-	(1,800,000)	150,000
Total Director/KMP	20,909,796	20,000	836,878	(9,700,000)	12,066,674

[1] *P. Hart resigned effective 31 January 2018.*
[2] *Mr. James Black resigned effective 23 August 2018.*
[3] *C. Bodley ceased being Chief Financial Officer on 22 January 2018.*
[4] *R. Lovelady was appointed as Chief Financial Officer on 22 January 2018.*

Options - 2018 Director / KMP	Balance at beginning of year	Granted as compensation	Share Options Exercised	Expired	Unvested Balance at the end of the year
D. Garner	-	-	-	-	-
P. Hart [1]	-	-	-	-	-
M. Palancian	1,550,000	-	(50,000)	-	1,500,000
B. Fletcher	119,048	-	(119,048)	-	-
J. Black[2]	-	-	-	-	-
M. Hanlon	500,000	-	(500,000)	-	-
Total Director	2,169,048	-	(669,048)	-	1,500,000
C. Bodley [3]	-	-	-	-	-
R. Lovelady [4]	-	-	-	-	-
K. Spaleck	750,000	-	-	-	750,000
Total KMP	750,000	-	-	-	750,000
Total Director/KMP	2,919,048	-	(669,048)	-	2,250,000

[1] *P. Hart resigned effective 31 January 2018.*
[2] *Mr. James Black resigned effective 23 August 2018.*
[3] *C. Bodley ceased being Chief Financial Officer on 22 January 2018.*
[4] *R. Lovelady was appointed as Chief Financial Officer on 22 January 2018.*

Directors' Report (continued)

REMUNERATION REPORT (continued)

Performance Rights - 2018 Director / KMP	Balance at beginning of year	Performance Rights Issued as compensation	Performance Rights Purchases	Become / (Cease) to be KMP	Unvested Balance at the end of the year
D. Garner	711,864	400,000	-	-	1,111,864
P. Hart [1]	-	-	-	-	-
M. Palancian	1,525,423	857,143	-	-	2,382,566
B. Fletcher	-	-	-	-	-
J. Black [2]	-	-	-	-	-
M. Hanlon	-	-	-	-	-
Total Director	2,237,287	1,257,143	-	-	3,494,430
C. Bodley [3]	-	-	-	-	-
R. Lovelady [4]	-	428,572	-	-	428,572
K. Spaleck	847,457	533,334	-	-	1,380,791
Total KMP	-	847,457	-	-	1,809,363
Total Director/KMP	2,237,287	2,104,600	-	-	5,303,793

[1] *P. Hart resigned effective 31 January 2018.*
[2] *Mr. James Black resigned effective 23 August 2018.*
[3] *C. Bodley ceased being Chief Financial Officer on 22 January 2018.*
[4] *R. Lovelady was appointed as Chief Financial Officer on 22 January 2018.*

Share Based Compensation - Options
During the 2019 financial year, no options were granted to Directors and Key Management Personnel (2018: None).

Options issued under the plan contain no dividend or voting rights.

When exercised, each option is converted into one ordinary share.

During the 2019 financial year the following Director or KMP Options were exercised or expired. 750,000 options were exercised and 1,500,000 options lapsed.

During the 2018 financial year 669,048 Director and no KMP options were exercised. No Director or KMP options expired.

Share Based Compensation - Performance Rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	No. of performance rights granted	Grant Date	Vesting Date	Share Price at Grant Date (cents)	Fair value per right at grant date (cents)
M. Palancian	857,143	25/10/2018	28/10/2021	18.5	14.9
D. Garner	400,000	25/10/2018	28/10/2021	18.5	14.9
R. Lovelady	428,572	26/9/2018	28/10/2021	21.0	15.1
K. Spaleck	533,334	26/9/2018	28/10/2021	21.0	15.1

Directors' Report (continued)

REMUNERATION REPORT (continued)

Share Based Compensation - Performance Rights (continued)

Value of performance rights granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Value of perform. rights granted $	Value of perform. rights vested $	Value of perform. rights lapsed $	Perform. rights as a % of total remuneration
M. Palancian	106,175	-	-	25.8%
D. Garner	49,548	-	-	18.8%
R. Lovelady	53,087	-	-	18.0%
K. Spaleck	66,064	-	-	18.1%

Additional Information
The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Sales Revenue	$96,508	$51,135	$0	$20	$0
EBITDA	$19,422	$8,135	($2,564)	($1,523)	($4,551)
EBIT	$6,055	($1,494)	($2,611)	($1,527)	($4,553)
Profit after income tax	$3,758	$266	($2,611)	($1,527)	($4,553)

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Quoted price of ordinary shares at year end	$0.170	$0.265	$0.225	$0.120	$0.180
Quoted price of options at period end	-	-	-	-	-
Profit/(Loss) per share	$0.008	$0.001	($0.007)	($0.008)	($0.030)
Dividends declared	-	-	-	-	-

Directors' Report (continued)

REMUNERATION REPORT (continued)

Key Management Personnel Remuneration

2019 Name	Short Term Cash / Fees $	Annual & Long Serv. Leave $	Post - employment Super $	Share Based Payments [1] Perform. Rights $	Total $	Share Based payments as a % of total remuneration %
Executive Directors						
M. Palancian	251,141	28,077	26,027	106,175	411,420	25.8%
D. Garner	176,597	19,676	18,219	49,548	264,041	18.8%
	427,738	47,754	44,247	**155,723**	**675,461**	
Non-executive Directors						
B. Fletcher[2]	93,128	-	6,941	-	100,069	0.0%
J. Black [3]	6,088	-	578	-	6,666	0.0%
M. Hanlon	36,529	-	3,470	-	39,999	0.0%
	135,745	-	10,989	**-**	**146,734**	
Total Directors	**563,483**	47,754	55,236	**155,723**	**822,196**	
Executives						
R. Lovelady	200,587	21,058	19,521	53,087	294,252	18.0%
K. Spaleck	247,896	26,205	24,292	66,064	364,458	18.1%
Total Executives	**448,483**	**47,263**	**43,813**	**119,152**	**658,710**	
Total	**1,011,966**	**95,017**	**99,048**	**274,874**	**1,480,906**	
2018						
Executive Directors						
M. Palancian	444,167	28,077	19,000	184,843	676,087	27.3%
D. Garner	173,065	19,676	18,159	86,260	297,160	29.0%
	617,232	**47,754**	**37,159**	**271,103**	**973,247**	
Non-executive Directors						
B. Fletcher[2]	274,693		6,941	-	281,634	0.0%
J. Black [3]	36,530		3,470	-	40,000	0.0%
P. Hart [4]	21,309		2,024	-	23,333	0.0%
M. Hanlon	36,530		3,470	-	40,000	0.0%
	369,062	**-**	**15,905**	**-**	**384,967**	
Total Directors	**986,293**	**47,754**	**53,064**	**271,103**	**1,358,214**	
Executives						
C. Bodley [5]	310,918	-	-	-	310,918	0.0%
R. Lovelady [6]	90,035	21,058	8,553	92,422	212,068	43.6%
K. Spaleck	507,142	26,205	26,331	115,013	674,692	17.0%
Total Executives	**908,095**	**47,263**	**34,884**	**207,435**	**1,197,677**	
Total	**1,894,389**	**95,017**	**87,948**	**478,538**	**2,555,891**	

(1) *Accounting and tax values are not the same.*

(2) *The Company paid Bronstat Pty Ltd consultancy fees during the period for corporate consulting services provided by Mr. Fletcher. Refer Note 30 for further information.*

(3) *Mr. James Black resigned as a director effective 23 August 2018.*

(4) *Mr. Paul Hart resigned as a director on 31 January 2018.*

(5) *The Company paid Hanson Porter Curzon Pty Ltd professional fees for Company Secretarial, Accounting and Taxation services during the period. Refer Note 30 or further information. C Bodley ceased being CFO on 22 January 2018.*

(6) *Mr. Rod Lovelady was appointed as Chief Financial Officer on 22 January 2018.*

Directors' Report (continued)

REMUNERATION REPORT (continued)

Securitisation Policy
Red River Resources Limited’s security trading policy provides guidance on acceptable transactions in dealing in the company’s various securities, including shares, debt notes and options. Red River Resources Limited’s security trading policy defines dealing in company securities to include:

(a) Subscribing for, purchasing or selling company securities or entering into an agreement to do any of those things;

(b) Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in company securities; and

(c) Entering into agreements or transactions which operate to limit the economic risk of a person’s holdings in company securities.

The securities trading policy details acceptable and unacceptable times for trading in company securities including detailing potential civil and criminal penalties for misuse of 'inside information'. The directors must not deal in company securities without providing written notification to the Chairman. The Chairman must not deal in company securities without the prior approval of the Chief Executive Officer. The directors are responsible for disclosure to the market of all transactions or contracts involving the Company’s shares.

Voting and comments made at the Company's 2018 Annual General Meeting
The Remuneration Report passed via a show of hands at the 2018 Annual General Meeting held in October 2018. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

END OF REMUNERATION REPORT

Environmental Regulation
So far as the directors are aware, there have been no significant breaches of environmental conditions of the Company’s exploration or development licences.

Greenhouse Gas and Energy data reporting requirements
The consolidated entity is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the consolidated entity to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Company intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 requires the company to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2019 the company was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The company will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

Insurance of Officers
During the year the Company has paid a premium in respect of directors' and executive officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

Directors' Report (continued)

Indemnity of Auditors
The company has not, during or since the financial year, in respect of any person who is or has been an auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred by the auditor, including costs and expenses in successfully defending legal proceedings.

Proceedings on behalf of the Company
No person has applied for leave of Court under S.237 of the Corporations Act 2001 to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Non-audit Services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

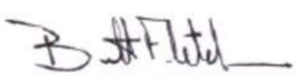
The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditors' Independence Declaration
A copy of the Auditors Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 34 for the year ended 30 June 2019.

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

On behalf of the Board.
RED RIVER RESOURCES LIMITED



Mr. Brett Fletcher
Non-executive Chairman

30 August 2019
Melbourne, Victoria

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Red River Resources Limited and its Controlled Entities for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2019
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Revenue from continuing operations			
Revenue	**6.**	**96,508**	51,135
Other income	**6.**	**871**	(55)
Total revenue and other income		**97,379**	51,080
Expenses			
Sales realisation expenses	**7.**	**(23,720)**	(7,136)
Employment benefits expense	**8.**	**(9,774)**	(8,139)
Production costs	**9.**	**(41,971)**	(25,282)
Corporate costs	**10.**	**(1,844)**	(1,663)
General and administration costs	**11.**	**(647)**	(724)
Exploration costs expensed		**-**	-
Total expenses		**(77,957)**	(42,945)
Earnings / (loss) before interest, tax and depreciation		**19,422**	8,135
Depreciation and amortisation	**17, 18 & 19.**	**(12,410)**	(9,030)
Impairment - exploration and evaluation costs	**20.**	**(957)**	(599)
Finance costs		**(590)**	(251)
Profit / (loss) before income tax expense		**5,465**	(1,745)
Income tax benefit / (expense)	**12.**	**(1,707)**	2,011
Profit / (loss) after income tax expense for the year		**3,758**	266
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**3,758**	266
Earnings per share for continuing operations			
Basic (loss) / earnings per share ($'s)	**33.**	**0.0077**	0.0006
Diluted (loss) / earnings per share ($'s)	**33.**	**0.0076**	0.0005

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes on pages 39 to 71.

Consolidated Statement of Financial Position

For the year ended 30 June 2019

	Note	30 June 2019 $,000	30 June 2018 $,000
Current assets			
Cash and cash equivalents	**13.**	**25,618**	20,178
Financial assets at amortised cost	**13.**	**300**	-
Trade and other receivables	**14.**	**2,169**	1,994
Inventories	**15.**	**3,856**	4,190
Other	**16.**	**455**	442
Total current assets		**32,398**	26,804
Non-current assets			
Other	**16.**	**8,471**	8,765
Deferred tax	**12.**	**1,461**	3,168
Property, plant and equipment	**17.**	**6,191**	7,075
Mines property and development	**18.**	**21,952**	15,665
Intangibles	**19.**	**317**	164
Exploration and evaluation	**20.**	**11,164**	11,474
Total non-current assets		**49,556**	46,311
Total assets		**81,954**	73,115
Current liabilities			
Trade and other payables	**21.**	**16,975**	13,286
Borrowings	**22.**	**134**	118
Provisions	**23.**	**654**	1,224
Total current liabilities		**17,762**	14,628
Non-current liabilities			
Provisions	**23.**	**7,856**	6,258
Total non-current liabilities		**7,856**	6,258
Total liabilities		**25,618**	20,886
Net assets		**56,336**	52,229
Equity			
Issue capital	**24.**	**63,788**	63,698
Reserves	**25.**	**5,287**	5,027
Accumulated losses	**26.**	**(12,738)**	(16,496)
Total equity		**56,336**	52,229

The above Consolidated Statement of Financial Position should be read in conjunction with the notes on pages 39 to 71.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

30 June 2019	Note	Issued capital $,000	Reserves $,000	Accumulated losses $,000	Total equity $,000
Balance at 1 July 2018		**63,698**	**5,027**	**(16,496)**	**52,229**
Profit / (loss) after income tax expense for the year		**-**	**-**	**3,758**	**3,758**
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**3,758**	**3,758**
Transactions with shareholders in their capacities as shareholders					
- Issue of shares	**24.**	**90**	**-**	**-**	**90**
- Cost of issue of shares	**24.**	**-**	**-**	**-**	**-**
- Deferred tax adjustment	**12.**	**-**	**-**	**-**	**-**
- Employee performance rights	**25.**	**-**	**227**	**-**	**227**
- Employee share options	**25.**	**-**	**32**	**-**	**32**
		90	**260**	**-**	**350**
Balance at 30 June 2019		**63,788**	**5,287**	**(12,738)**	**56,336**

30 June 2018	Issued capital $,000	Reserves $,000	Accumulated losses $,000	Total equity $,000
Balance at 1 July 2017	60,008	4,463	(16,762)	47,709
Profit / (loss) after income tax expense for the year	-	-	266	266
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	266	266
Transactions with shareholders in their capacities as shareholders				
- Issue of shares	2,558	-	-	2,558
- Cost of issue of shares	(25)	-	-	(25)
- Deferred tax adjustment	1,157	-	-	1,157
- Employee performance rights	-	292	-	292
- Employee share options	-	272	-	272
	3,690	564	-	4,254
Balance at 30 June 2018	63,698	5,027	(16,496)	52,229

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes on pages 39 to 71.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Receipts from customers		**99,898**	49,368
Payments to suppliers and employees		**(76,980)**	(34,322)
Interest received / (paid)		**60**	62
Payments for exploration and evaluation		**-**	-
Net cash from / (used in) operating activities	**32.**	**22,977**	15,107
Cash flows from investing activities			
Payment for property, plant and equipment		**(460)**	(4,051)
Proceeds from release / (payments) in respect of security deposits	**16.**	**294**	(178)
Payment for intangibles	**19.**	**(233)**	(193)
Payment for mine development		**(12,666)**	(13,872)
Payment for exploration and evaluation		**(4,278)**	(6,724)
Net cash used in investing activities		**(17,343)**	(25,019)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	-
Proceeds from exercise of options		**90**	2,558
Share issue transaction costs		**-**	(25)
Proceeds from borrowings		**668**	602
Repayment of borrowings		**(653)**	(484)
Net cash flows from financing activities		**105**	2,651
Net increase / (decrease) in cash and cash equivalents		**5,740**	(7,261)
Cash and cash equivalents at the beginning of the financial year		**20,178**	27,439
Cash and cash equivalents at the end of the financial year	**13.**	**25,918**	20,178

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes on pages 39 to 71.

1. General Information

Red River Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing financial statements. The financial statements are for the consolidated entity consisting of Red River Resources Limited (the 'Company') and its subsidiaries which together are referred to as the 'consolidate entity' for the financial year ended 30 June 2019.

The financial statements were authorised for issue by the Directors of Red River Resources Limited (Directors) on 30 August 2019.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board;
- Have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value;
- Are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with Corporations Instrument 2016/191 to the nearest thousand dollars, unless otherwise indicated;
- Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the consolidated entity using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss;
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the consolidated entity that are mandatory for the current reporting period; and
- Have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

2. Segment Information

The consolidated entity operates in the mineral exploration and development industry in Australia only.

Given the nature of the consolidated entity, its size and current operations, management does not treat any part of the entity as a separate operating segment. Internal financial information used by the company's decision makers is presented on a whole of entity' manner without dissemination to any separately identifiable segments.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements have been outlined in the relevant Note. The policies below are applied by the Company in addition to those policies. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of Red River Resources Limited (the 'Company') as at 30 June 2019. Red River Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

3. Significant Accounting Policies (continued)

Principles of consolidation (continued)

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the profit or loss.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

A number of new or amended Accounting Standards became applicable for the current reporting period, however, the consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The adoption of these standards did not have any significant impact on financial performance or position of the consolidated entity. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations have been applied and are most relevant to the consolidated entity:

3. Significant Accounting Policies (continued)

New accounting standards and interpretations (continued)

AASB 9 Financial Instruments and its consequential amendments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. The Standard replaced the previous accounting requirements applicable to revenue with a single, principles-based model that applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract(s);
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract(s); and
5. recognise revenue when (or as) the performance obligations are satisfied.

New Accounting Standards and Interpretations not yet adopted
The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated entity in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2019, but have not been applied in preparing this financial report. No material accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 16 Leases
This Standard is applicable to annual reporting periods beginning on or after 1 January 2019.

AASB 16 will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116 Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead accounting for all components as a lease; and
- additional disclosure requirements.

The Directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on balance sheet and a change in how related expenses are incurred. The Directors have made an assessment and determined there will be no material impact on implementation of AASB 16.

4. Financial Risk Management

The Board has the overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Management Committee is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Company's Audit and Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk that could affect the consolidated entity's financial position and performance.

The consolidated entity holds the following financial instruments:

	30 June 2019 $'000	30 June 2018 $'000
Financial Assets		
Cash, cash equivalents and current financial assets at amortised cost	**25,918**	20,178
Other assets - restricted term and security deposits	**8,471**	8,765
Trade and other receivables	**2,169**	1,430
	36,558	30,373
Financial Liabilities		
Trade and other payables	**16,719**	13,286
	16,719	13,286

Market Risk

(i) Foreign exchange risk

As the consolidated entity's sales revenues for base and precious metals are denominated in United States dollars (USD) and the majority of operating costs are denominated in Australian dollars (AUD), the consolidated entity's cash flow is significantly exposed to movements in the AUD:USD exchange rate.

The consolidated entity maintains a balance of USD to pay USD denominated expenses such as sea freight, reagents and assay charges. During the financial year the consolidated entity has not undertaken any foreign exchange hedging activities and as such remains exposed to fluctuations in the AUD / USD exchange rate.

Consolidated entity sensitivity

During the financial year the Company booked revenue from the sale of zinc, lead and copper concentrate of USD 67.8 million (2018: USD 39.3 million). Based on this, had the Australian dollar weakened / strengthened by 10% against the actual foreign currency, with all other variables held constant, the Company's operating result would have been AUD 9.0 million higher / lower (2018: AUD 4.7 million).

(ii) Commodity price risk

The consolidated entity's sales revenue are generated from the sale of zinc, lead, copper, gold and silver metal contained in its zinc, lead and copper concentrate. Accordingly the consolidated entity's revenues and trade receivables are exposed to commodity price risk fluctuations.

The consolidated entity has implemented a short term price fixing program over the quotation period (QP) for sales of zinc and lead metal already produced. Typically between 80 and 90 % of the payable zinc and lead metal for each shipment of zinc and lead concentrates will be fixed for the period from the issue of the first provisional sales invoice to the final settlement of the sale, which may occur between one and four months later.

4. Financial Risk Management (continued)

Market Risk (continued)

During the financial year the consolidated entity has not undertaken any hedging activities on zinc or lead metal not already produced or on any copper, gold or silver metal and as such remains exposed to fluctuations in commodity price on these metals beyond the QP.

The consolidated entity values its ore and zinc, lead and copper concentrate inventories at the lower of cost or net realisable value. The consolidated entity would be exposed to commodity price risk should it need to value these inventories at net realisable value.

Consolidated entity sensitivity
The table below shows the revenue in AUD for each metal sold during the financial year. Based on these revenues, had commodity prices weakened / strengthened by 10% against the actual commodity prices realised, with all other variables held constant, the consolidated entity's operating result (after payment of revenue based royalties) would have been impacted as shown in the table below.

Metal	Revenue (AUD) $'000	Impact on operating result -10%	10%
Zinc	54,955	(5,221)	5,221
Lead	20,648	(1,962)	1,962
Copper	9,703	(922)	922
Gold	2,803	(266)	266
Silver	8,399	(798)	798

(iii) Interest rate risk
The consolidated entity's exposure to interest rate arises as a result of the interest bearing deposits held and interest paid on the advanced sales of zinc and lead concentrates under the respective concentrate sales agreements.

The exposure is affected by a number of factors including; interest rates (current and forward) and the currencies that the investments and borrowings are denominated in; level of cash, liquid investments and borrowings; maturity dates of investments and borrowings; and proportion of investments and borrowings that are fixed rate or floating rate.

As at the reporting date, the consolidated entity had the following variable rate funds on deposit:

	30 June 2019		**30 June 2018**	
Funds on deposit	**Weighted Ave. Interest Rate %**	**Balance $'000**	**Weighted Ave. Interest Rate**	**Balance $'000**
	2.41	**16,993**	2.13	16,476

Consolidated entity sensitivity
The sensitivity analysis below determines the exposure to interest rates at the reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

Sensitivity of interest revenue and interest expense to interest rate movement	**Impact on pre-tax profit 2019 $'000**	**2018 $'000**
Interest Revenue		
Increase 0.5% (2017: 0.5%)	**67**	78
Decrease 0.5% (2017: 0.5%)	**(67)**	(78)
Interest Expense		
Increase 0.5% (2017: 0.5%)	**(22)**	(23)
Decrease 0.5% (2017: 0.5%)	**22**	23

4. Financial Risk Management (continued)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. Credit risk is managed on a consolidated entity basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to trade customers, including outstanding receivables and committed transactions.

The consolidated entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The consolidated entity is exposed to two large customers who have offtake agreements for the Thalanga zinc, lead and copper concentrate. The credit risk is considered low as the customers are perceived as reliable and currently all payments are received within the contractual payment terms.

The directors believe that there is negligible credit risk with the cash and cash equivalents, as cash and cash equivalents are held at call and short term deposit with a reputable Australian Banking institution with a long term S&P credit rating of AA-.

The consolidated entity's maximum exposure to credit risk at the reporting date was:

	30 June 2019 $'000	30 June 2018 $'000
Financial Assets		
Cash and cash equivalents and current financial assets at amortised cost	**25,918**	20,178
Other assets - restricted term and security deposits	**8,471**	8,765
Trade and other debtors	**2,169**	1,430
	36,557	30,373

Liquidity risk

The consolidated entity manages liquidity risk by monitoring immediate and forecasted cash requirements and ensures adequate cash reserves are maintained to pay debts as and when due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the consolidated entity held deposits at call and restricted cash on deposit totalling $34.4 million (2018: $28.9 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the consolidated entity maintains flexibility in funding by maintaining availability under a committed debt facility.

Management monitors rolling forecasts of the consolidated entity's available cash reserve (comprising the undrawn borrowing facilities below and cash and cash equivalents) on the basis of expected cash flows.

Financing arrangements

The consolidated entity maintains a USD 10 million debt facility with Trafigura Pte Ltd. This facility was not drawn upon during the 2019 Financial Year and remained entirely undrawn as at 30 June 2019.

4. Financial Risk Management (continued)

Liquidity risk (continued)
Maturities of financial liabilities
The following table details the consolidated entity's contractual maturity for its financial liabilities:

	Weighted average interest rate %	Less than 6 months $'000	6 - 12 months $'000	From 1 to 5 years $'000	Total $'000	Carrying amount $'000
As at 30 June 2019						
Trade and other payables		**16,719**	-	-	**16,719**	**16,719**
Insurance premium funding	**2.30**	**134**	-	-	**134**	**134**
		16,853	-	-	**16,853**	**16,853**
As at 30 June 2018						
Trade and other payables		13,286	-	-	13,286	13,286
Insurance premium funding	2.30	118	-	-	118	118
		13,404	-	-	13,404	13,404

Fair Value Measurements
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

In applying the Company's accounting policies, management has made a number of judgements and applied estimates concerning the future. The estimates and judgments applied may differ from the actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial year and on the amounts recognised in the financial statements.

The areas involving a higher degree of judgement complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

- Note 12 - Income Tax Expense
- Note 15 - Inventory
- Note 17 - Property, plant and equipment
- Note 18 - Mine properties
- Note 20 - Exploration and evaluation expenditure
- Note 23 - Provisions
- Note 34 - Share-based payments

6. Revenue and Other Income

	30 June 2019 $'000	30 June 2018 $'000
Revenue from contracts with customers		
Contained zinc metal in concentrate	**54,955**	31,867
Contained lead metal in concentrate	**20,648**	10,640
Contained copper metal in concentrate	**9,703**	3,547
Contained precious metals in concentrate	**11,202**	5,080
Total revenue	**96,508**	51,135
Other income		
Interest income	**303**	310
Realised and unrealised foreign exchange gain / (loss)	**434**	(552)
Diesel rebates	**114**	120
Government grants	**19**	6
Research and development tax rebate	**-**	61
	871	(55)
	97,379	51,080

The consolidated entity has disaggregated revenue into the metals contained in the concentrates that we receive payment for from our customers, under our concentrate sales agreements. All revenue is recognised at a point in time.

Accounting policy

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of concentrate

Revenue from the sale of concentrate is recognised when there is persuasive evidence indicating that there has been a transfer of risks and rewards to the customer under a valid sales contract. Sales revenue comprises gross revenue earned, net of treatment and refining charges where applicable, from the provision of concentrate to customers. Sales are initially recognised at estimated sales value when the product is sold. Adjustments are made for variations in metals price, assay, weight and currency between the time of sale and the time of final settlement of sales proceeds.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

6. Revenue and Other Income (continued)

Risk exposure
The consolidated entity's exposure to market risk is discussed in Note 4.

7. Sales Realisation Expenses

	Note	30 June 2019 $'000	30 June 2018 $'000
Mineral and net smelter return royalty	(a)	**5,329**	4,095
Land and sea freight		**4,835**	1,838
Port and loading charges		**318**	230
Treatment, refining and other charges		**13,239**	974
		23,720	7,136

(a) Mineral and net smelter return royalty
Mineral royalty is payable to the Queensland Government under the *Queensland Mineral Resources Regulation 2013.* A Net Smelter Royalty was payable to Thalanga Copper Mines Pty Ltd until 28 December 2018. This royalty was payable under an agreement previous owners of the Thalanga Operation entered into with Thalanga Copper Mine Pty Ltd at the time of purchasing Thalanga, and was payable until Thalanga Copper Mines Pty Ltd terminated this agreement on 28 December 2018. Refer to the contingent liability section included in Note 37 for further information.

8. Employment Benefits Expense

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash salary and fees	(a)	**7,989**	6,418
Retirement benefits		**707**	489
Share based payments - Performance Rights	34.	**227**	292
Share based payments - Options	34.	**32**	272
Other employment costs	(b)	**818**	668
		9,774	8,139

(a) Cash salary and fees
During the financial year, a further $1.1 million (2018: $1.1 million) in salary and wages was incurred and capitalised to Exploration and Evaluation, Mine Development costs and Property, Plant and Equipment on the balance sheet.

(b) Other employment costs
Other employment costs include: payroll tax $426,000 (FY18: $289,000); workers compensation insurance $163,000 (FY18: $190,000); and staff recruitment and relocation $209,000 (FY18: $190,000).

9. Production Costs

	30 June 2019 $'000	30 June 2018 $'000
Ore mining cost	**27,630**	16,887
Ore processing cost	**9,561**	6,674
Shared operating cost	**4,780**	1,721
	41,971	25,282

10. Corporate Costs

	Note	30 June 2019 $'000	30 June 2018 $'000
Audit fees	28.	**87**	67
Insurance		**708**	617
Legal and professional fees		**818**	821
Other		**232**	158
		1,844	1,663

11. General and Administration Costs

	30 June 2019 $'000	30 June 2018 $'000
Bank and finance costs	**99**	94
Thalanga site	**459**	542
Other	**89**	88
	647	724

12. Income Tax

Income tax expense

	30 June 2019 $'000	30 June 2018 $'000
Deferred tax expense / (benefit)	**1,773**	-
Current tax expense / (benefit)	**-**	(2,011)
Adjustment recognised for prior year	**(65)**	-
	1,707	(2,011)

Numerical reconciliation on income tax benefit / (expense) to prima facie tax receivable / (payable)

	30 June 2019 $'000	30 June 2018 $'000
Profit / (Loss) before income tax expense from continuing operations	**5,465**	(1,745)
Tax at the statutory rate of 30.0% (2018: 27.5%)	**1,576**	(480)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
- Non-deductible expenses (Share based payments, entertainment & fines)	**197**	160
- Current year losses for which no deferred tax asset is recognised	**-**	2
- Recognition of previously unrecognised tax losses	**-**	(3,222)
- Recognition of previously unrecognised deductible temporary differences	**(65)**	1,658
Current tax expense	**1,707**	(1,882)
Differences in local tax rates	**-**	(129)
Total tax expense/(benefit)	**1,707**	**(2,011)**

12. Income Tax (continued)

	30 June 2019 $'000	30 June 2018 $'000
Deferred tax included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	**(232)**	(3,618)
Increase in deferred tax liabilities	**1,939**	1,607
	1,707	(2,011)
Tax assets not recognised		
Unused tax losses for which no deferred tax asset has been recognised	**79**	65
Temporary differences	**(74)**	(46)
Potential tax benefit not as yet recognised	**5**	19

The above potential tax benefit for tax losses and temporary differences has not been recognised in the statement of financial position. Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Deferred tax assets comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	**242**	168
Accruals	**804**	1,849
Impairments	**-**	180
Interest	**97**	-
Unrealised foreign exchange losses	**74**	82
Unused income tax losses	**3,467**	1,969
	4,684	4,247
Amounts recognised in equity:		
Transaction costs on share issue, not reflected in carried forward losses	**324**	528
	324	528
Deferred tax asset	**5,007**	4,775
Movements:		
Opening balance	**4,775**	-
Credit/(Debit) to profit or loss	**232**	3,618
Credit/(Debit) to equity	**-**	1,157
	5,007	4,775
Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised in profit or loss:		
Exploration and evaluation	**2,894**	1,578
Mine development	**588**	-
Prepayments	**51**	21
Receivables	**13**	7
	3,546	1,607
Movements:		
Opening balance	**1,607**	-
Debit/(Credit) to profit or loss	**1,939**	1,607
Debit/(Credit) to equity	**-**	-
	3,546	1,607
Net deferred tax asset / (liability)	**1,461**	**3,168**

12. Income Tax (continued)

Accounting policy

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment Allowances

The consolidated entity may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Significant estimates and judgements

The consolidated entity is subject to income taxes in Australia and does not operate in any foreign jurisdictions.

Significant judgement is required in determining the provision for income taxes. The consolidated entity recognises liabilities of anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment. The Company believes this amount to be recoverable based on taxable income projections.

13. Cash and Cash Equivalents

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash and cash equivalents per Consolidated Statement of Financial Position		**18,618**	12,175
Financial assets at amortised cost per Consolidated Statement of Financial Position		**300**	-
Cash on deposit		**7,000**	8,003
Cash and cash equivalents at the end of the period as per Consolidated Statement of Cash Flows	**32.**	**25,918**	20,178

Financial assets at amortised cost recorded in the Consolidated Statement of Financial Position is represented by a term deposit that is due to mature on 12 August 2019, however had an initial maturity of greater than 3 months, that can be terminated on short notice without any risk to the value reported in the statement. The purpose of the this term deposit is working capital rather than an investment nature.

Accounting policy
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Risk exposure
The consolidated entity's exposure to interest rate risk is discussed in Note 4. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

14. Trade and Other Receivables

	Note	30 June 2019 $'000	30 June 2018 $'000
Trade receivables	**(a)**	**2,125**	1,339
GST receivable		**-**	564
Other debtors		**43**	91
		2,169	1,994

Accounting policy
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. Trade receivables are generally due for settlement within 5 to 10 days and settlement of 5% retention is due within 3 to 4 months. Trade receivables are revalued by the marking-to-market of open sales using spot prices at the end of each period end for zinc, lead and copper concentrate.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The Company has not impaired any receivables in the 2019 year (2018: nil). Customers with balances past due by without provision for impairment of receivables were nil as at 30 June 2019 (2018: nil). The Company did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

14. Trade and Other Receivables (continued)

Risk exposure

The Company's exposure to credit risk and liquidity risk is discussed in Note 4. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

15. Inventory

	30 June 2019 $'000	30 June 2018 $'000
Ore	**221**	1,773
Zinc, lead and copper concentrate's	**1,875**	1,002
Consumables	**1,760**	1,415
	3,856	4,190

Accounting policy

Ore and Concentrate Inventories

Inventories, comprising zinc, lead and copper concentrate and ore stockpiles, are physically measured or estimated and valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores and Warehouse Inventory

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to specific stock items identified. A regular and on-going review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

Significant estimates and judgements

The Company reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value various factors are taken into account, including estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Ore stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, zinc and lead concentrate produced is estimated at the time of production and then confirmed, usually within a week of being produced, by weighing for trucking to Townsville Port, usually within a week of being produced.

16. Other Assets

Current	Note	30 June 2019 $'000	30 June 2018 $'000
Prepayments		**448**	437
Residential housing tenancy bonds		**6**	5
		455	442
Non-current			
Security deposits		**83**	81
Term deposits - restricted cash	(a)	**8,388**	8,683
		8,471	8,765

(a) Term deposits - restricted cash
Restricted cash relates to cash held on deposits for security against bank guarantees and for credit facility.

17. Property, Plant and Equipment

	Office furniture & equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Plant & equipment $'000	Total $'000
Year ended 30 June 2019					
Cost	**55**	**329**	**8**	**8,020**	**8,412**
Accumulated depreciation	**(40)**	**(105)**	**(5)**	**(2,071)**	**(2,221)**
	15	**224**	**3**	**5,950**	**6,191**
Movements					
Balance at 1 July 2018	**32**	**183**	**5**	**6,856**	**7,075**
Additions	**-**	**99**	**-**	**236**	**335**
Disposals	**-**	**-**	**-**	**-**	**-**
Depreciation	**(17)**	**(58)**	**(2)**	**(1,142)**	**(1,219)**
Balance at 30 June 2019	**15**	**224**	**3**	**5,950**	**6,191**
Year ended 30 June 2018					
Cost	55	230	8	7,784	8,077
Accumulated depreciation	(23)	(47)	(4)	(929)	(1,003)
Net book value	32	183	5	6,856	7,075
Movements					
Balance at 1 July 2017	40	197	8	3,749	3,994
Additions	7	23	-	4,018	4,047
Disposals	-	-	-	-	-
Depreciation	(15)	(37)	(3)	(912)	(967)
Balance at 30 June 2018	32	183	5	6,856	7,075

As at 30 June 2019, no property, plant and equipment is pledged as security against any borrowings.

Accounting policy
On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

17. Property, Plant and Equipment (continued)

Accounting policy (continued)

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

• Office furniture and equipment	3 - 5 years
• Motor vehicles	3 - 5 years
• Leasehold improvements	on a time basis over the life of the lease or improvement
• Plant & equipment	3 - 8 years

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date with the effect of any changes in estimate being accounted for on a prospective basis. An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit and loss and other comprehensive income.

Significant estimates and judgements

Asset lives

The estimations of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. The useful lives could change significantly as a result of a change in mine life or some other event. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

Impairment of property, plant and equipment,deferred exploration and development expenditure and mine properties

The consolidated entity reviews for impairment of property, plant and equipment, deferred exploration and development expenditure and mine properties in accordance with the accounting policy. With the exception of deferred exploration, the recoverable amount of these assets has been determined based on the lower of the assets' fair value less costs of disposal and value in use. Recoverable amount assessments are principally based on discounted cashflow analysis. This requires the use of estimates and judgements in relation to a range of inputs including: commodity prices; exchange rates; reserves and mine planning scheduling; production costs; and discount rates.

The consolidated entity has regard to external forecasts of key assumptions where available (e.g. commodity price and exchange rates).The recoverable amount is particularly sensitive to fluctuations in the AUD commodity price.

No impairment to property, plant and equipment or mine properties occurred for the year ended 30 June 2019. Deferred exploration was impaired for the year ended 30 June 2019 as outlined in Note 20.

18. Mine Properties

	Mine properties in development	Mine properties in production	Total mine properties
	$'000	$'000	$'000
Year ended 30 June 2019			
Cost	**14,410**	**26,593**	**41,003**
Accumulated amortisation	**-**	**(19,050)**	**(19,050)**
	14,410	**7,543**	**21,952**
Movements			
Balance at 1 July 2018	**1,200**	**14,464**	**15,665**
Transfers - exploration and evaluation	**-**	**3,242**	**3,242**
Additions	**13,209**	**177**	**13,386**
Writeup on adjustment of provision for rehabilitation	**-**	**769**	**769**
Amortisation	**-**	**(11,110)**	**(11,110)**
Balance at 30 June 2019	**14,410**	**7,543**	**21,952**

Year ended 30 June 2018			
Cost	1,200	22,404	23,605
Accumulated amortisation	-	(7,940)	(7,940)
	1,200	14,464	15,665
Movements			
Balance at 1 July 2017	14,208	-	14,208
Transfers	(20,848)	20,848	-
Additions	7,840	3,720	11,560
Writedown on adjustment of provision for rehabilitation	-	(2,164)	(2,164)
Amortisation	-	(7,940)	(7,940)
Balance at 30 June 2018	1,200	14,464	15,665

18. Mine Properties (continued)

Accounting policy

Mine properties includes aggregate expenditure in relation to mine construction, mine development, exploration and evaluation expenditure where a development decision has been made and acquired mineral interests.

The cost of mine properties in development is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to gain access to the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Mine properties in production represents expenditure in respect of exploration and evaluation, overburden removal based on underlying mining activities and related mining data and construction costs and development incurred or previously accumulated and carried forward in relation to properties in which mining has now commenced. Such expenditure comprises direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured. When further development expenditure is incurred in respect of a mine property after commencement of commercial production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

Mine development costs (as transferred from exploration and evaluation and/or mines under construction) are amortised on a units-of-time basis over the life of mine to which they relate. The life of mine is reviewed regularly as additional information becomes known. The impact of any change in mine life on amortisation is accounted for on a prospective basis.

Significant estimates and judgements

Ore Reserve Estimates

Ore Reserves are estimates of the amount of product that can be economically and legally extracted from the consolidated entity's properties. In order to calculate Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Ore Reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The consolidated entity is required to determine and report Ore Reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate Ore Reserves.

As the economic assumptions used to estimate Ore Reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of Ore Reserves may change from period to period. Changes in reported Ore Reserves may affect the consolidated entity's financial results and financial position in a number of ways, including the following:

• recognition of deferred tax on mineral rights and exploration recognised on acquisitions;
• recoverable amount of deferred mining expenditure and capitalisation of development costs; and
• units of time method of depreciation and amortisation.

19. Intangibles

	Software $'000	Website $'000	Total $'000
Year ended 30 June 2019			
Cost	**524**	**21**	**545**
Accumulated amortisation	**(210)**	**(18)**	**(228)**
	314	**2**	**317**
Movements			
Balance at 1 July 2018	**160**	**4**	**164**
Additions	**233**	**-**	**233**
Disposals	**-**	**-**	**-**
Amortisation	**(79)**	**(2)**	**(80)**
Balance at 30 June 2019	**314**	**2**	**317**

Year ended 30 June 2018			
Cost	292	21	312
Accumulated amortisation	(131)	(17)	(148)
Net book value	160	4	164
Movements			
Balance at 1 July 2017	84	7	91
Additions	193	-	193
Disposals	-	-	-
Amortisation	(117)	(3)	(120)
Balance at 30 June 2018	160	4	164

Accounting policy

The accounting policy used to account for intangibles is the same as the accounting policy for property, plant and equipment - refer to Note 17 for details. Intangibles are amortised over two to five years.

20. Exploration and evaluation

	30 June 2019 $'000	30 June 2018 $'000
Exploration and evaluation at cost	**12,816**	12,169
Impairment	**(1,652)**	(695)
	11,164	11,474
Movements		
Opening balance at 1 July	**11,474**	5,117
Transfers - mine properties in production	**(3,242)**	-
Additions	**3,890**	6,955
Impairments	**(957)**	(599)
	11,164	11,474

20. Exploration and evaluation (continued)

Accounting policy
Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
(ii) exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves and while active and significant operations in, or in relation to, the area are continuing.

Capitalised exploration and evaluation costs have been included in the statement of cash flows as an investing activity.

Exploration expenditure incurred that does not satisfy the policy stated above is expensed in the period in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the period in which that decision is made.

Upon commencement of mining activities, deferred exploration and development expenditure is reclassified to mine properties and then amortised in accordance with the accounting policy for mine properties.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

Significant estimates and judgements
The consolidated entity reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

21. Trade and Other Payables

	30 June 2019 $'000	30 June 2018 $'000
Trade and other payables	**965**	4,382
GST payable	**255**	-
Accruals - Operating cost	**8,859**	3,768
Accruals - Development and capital cost	**1,330**	852
Accruals - Royalties	**5,313**	4,095
Employment liabilities	**252**	189
	16,975	13,286

Accounting policy
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Risk exposure
The Company's exposure to liquidity risk is discussed in Note 4.

22. Borrowings

	30 June 2019 $'000	30 June 2018 $'000
Premium Funding	**134**	118
	134	118

Interest on this facility has been expensed to the consolidated statement of profit and loss and other comprehensive income as incurred.

23. Provisions

Current	30 June 2019 $'000	30 June 2018 $'000
Provision for employee entitlements	**513**	304
Provision for rehabilitation and restoration costs	**141**	920
	654	1,224
Non-current		
Provision for employee entitlements	**68**	270
Provision for rehabilitation and restoration costs	**7,788**	5,988
	7,856	6,258

Movements

Movement in provision for rehabilitation and restoration costs for the financial year is set out below:

Current		30 June 2019 $'000	30 June 2018 $'000
Opening balance at July 1		**920**	-
Transfer (to) / from non-current provision	**(a)**	**(779)**	920
Closing balance at 30 June		**141**	920
Non-current			
Opening balance at July 1		**5,988**	9,072
Increase in provision due to discount unwind		**251**	-
Transfer (from) / to current provision		**779**	(920)
Other - implementation of progressive rehabilitation plan	**(a)**	**-**	(2,164)
Other - reassessment of rehabilitation plan		**769**	-
Closing balance at 30 June		**7,788**	5,988

Accounting policy
Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

23. Provisions (continued)

Accounting policy (continued)

Rehabilitation and restoration
Long-term environmental obligations are based on the consolidated entity's environmental management plans, in compliance with current environmental and regulatory requirements. These plans are audited and endorsed by an appropriate independent environmental rehabilitation expert.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

Employee benefits
The provision for employee benefits represents annual leave and long service leave entitlements accrued by employees.

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Sick leave is non-accumulating and is recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term employee benefit obligations
The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the appropriate Group of 100 published discount rates, that match, as closely as possible, the estimated future cash outflows.

Significant estimates and judgements
Provision for rehabilitation and restoration
Provision for rehabilitation and dismantling property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value. This requires the use of estimates and judgements in relation to a range of inputs including:

- Ore Reserves and mine planning scheduling;
- production costs; and
- discount rates.

Long service leave
Long service leave is measured at the present value of benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation, including future increases in salaries and wages, future on-costs rates and future settlement dates of employees' departures.

23. Provisions (continued)

(a) Provision for rehabilitation and restoration

During the financial year the consolidated entity reviewed the estimates and judgements used in calculating the provision for rehabilitation and restoration cost at it's Thalanga Operation. During the 2018 financial year, following the successful recommencement of operations at Thalanga, the consolidated entity implemented a progressive rehabilitation plan. In so doing a current provision for rehabilitation and restoration cost was established and the non-current provision for rehabilitation and restoration cost was discounted in accordance with the above policy. Updates to the Rehabilitation Plan are reviewed and endorsed by an appropriately qualified third party.

24. Issued Capital

	Note	30 June 2019 $'000	30 June 2018 $'000
Ordinary share capital - fully paid	**(a)**	**63,788**	63,698
		63,788	63,698

Accounting policy

Ordinary shares are classified as equity. They entitle the holder to participate in dividends and have no par value.

Ordinary issued share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(a) Movement in ordinary share capital

	30 June 2019 $'000	30 June 2019 No.	30 June 2018 $'000	30 June 2018 No.
Balance at the beginning of the financial year	**63,698**	**489,932,000**	60,008	472,212,553
Issue of shares on placement	**-**	**-**	-	-
Issue of shares on the exercise of options	**90**	**750,000**	2,558	17,719,447
Less transaction costs	**-**	**-**	(25)	-
Deferred tax benefit on transaction costs	**-**	**-**	1,157	-
Balance at the end of the financial year	**63,788**	**490,682,000**	63,698	489,932,000

Ordinary shares

The Company did not issue any ordinary shares under placement during the 2019 financial year.

The Company did not issue any ordinary shares under placement during the 2018 financial year.

Exercise of Options

During the 2019 financial year 750,000 options previously issued to Key Management Personnel at the company's Annual General Meeting on the 27 October 2016 were exercised.

During the 2018 financial year, several option holders elected to exercise their options and convert into ordinary shares.

24. Issued Capital (continued)

Option and Share Plan

Information relating to the Employee Option Plan, Employee Share Plan and LTI Incentive Plan including details of options issued, exercised and lapsed during the financial year, options outstanding at the end of the financial year and shares issued during the year, is set out in Note 25 and the Remuneration Report.

Terms and conditions of issued capital

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that the consolidate entity can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The consolidated entity considers capital to consist of cash reserves on hand.

The consolidated entity monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing development operations. Where required the company will sell assets, issue new securities, raise debt or modify its exploration or mine development program to ensure the consolidated entity's working capital requirements are met.

25. Reserves

	Note	30 June 2019 $'000	30 June 2018 $'000
Option reserve	(a)	**4,767**	4,735
Performance rights reserve	(b)	**520**	292
		5,287	5,027

Accounting policy

The option reserve is used to recognise the grant date fair value of options issued to employees and suppliers but not exercised.

The performance rights reserve is used to recognise the grant date fair value of performance rights issued to employees but not yet vested.

(a) Movements in options reserve	30 June 2019 $,000	30 June 2019 No.	30 June 2018 $,000	30 June 2018 No.
Balance at the beginning of the financial year	**4,735**	**8,150,000**	4,463	20,720,401
Options issued to Thalanga Management	**32**	**-**	272	7,100,000
Options issued to executive management	**-**	**-**	-	-
Options converted	**-**	**(750,000)**	-	(17,719,447)
Options lapsed	**-**	**(1,500,000)**	-	(750,954)
Options forfeited	**-**	**(2,600,000)**	-	(1,200,000)
Balance at the end of the financial year	**4,767**	**3,300,000**	4,735	8,150,000

See the Remuneration Report contained in the Director's Report for further information on options reserve.

25. Reserves (continued)

(b) Movements in performance rights reserve	30 June 2019 $'000	30 June 2019 No.	30 June 2018 $'000	30 June 2018 No.
Balance at the beginning of the financial year	**292**	**5,910,129**	-	-
Performance rights issued LTIP 1	**72**	**-**	181	3,084,744
Performance rights issued LTIP 2	**108**	**-**	111	2,825,385
Performance rights issued LTIP 3	**48**	**2,655,057**	-	-
Performance rights forfeited	**-**	**(335,279)**	-	-
Balance at the end of the financial year	**520**	**8,229,907**	292	5,910,129

See the Remuneration Report contained in the Director's Report for further information on the performance rights reserve.

26. Accumulated Losses

	30 June 2019 $'000	30 June 2018 $'000
Accumulated losses	**12,738**	16,496
	12,738	16,496

Movements

Balance at the beginning of the financial year	**16,496**	16,762
Net (profit) / loss after income tax expense for the year	**(3,758)**	(266)
	12,738	16,496

27. Key Management Personnel Disclosures

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30 June 2019 $'000	30 June 2018 $'000
Short-term	**1,012**	1,894
Annual leave and long service leave	**95**	95
Post employment	**99**	88
Share-based payment	**275**	479
	1,481	2,556

The remuneration dislosures are provided in the Remuneration Report on pages 23 to 32.

28. Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms.

	30 June 2019 $'000	30 June 2018 $'000
Audit and review of financial statements of the entity by Rothsay Auditing	-	12
Audit and review of financial statements of the entity by RSM Australia	87	54
Other services by RSM Australia		
Tax services	11	-
Assistance with due diligence on the acquisition of Hillgrove Mining Pty Ltd	25	-
	123	66

29. Events Subsequent to Balance Date

3 July 2019 - The Company announced the acquisition of 100% of the high-grade Hillgrove Gold-Antinomy Project in NSW for a total acquisition cost of $4 million, payable in the Company's shares.

16 August 2019 - The Company advised that the final condition precedent had been satisfied for the Hillgrove Gold-Antinomy Project acquisition and that the transaction would complete shortly.

27 August 2019 - The Company advised that the acquisition of Hillgrove Mines Pty Ltd had completed.

Other than the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

30. Related Party Transactions

Parent entity
Red River Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 35.

Joint ventures
The consolidated entity has no interests in joint venture's.

Key management personnel
Disclosures relating to key management personnel are set out in Note 27 and the Remuneration Report.

Related party transaction during the year
Administration and consulting services related transactions
Director related entities paid for expenses on behalf of Red River Resources Limited throughout the year. The following table details the company, total services provided and expenses paid for the year and balance owing at 30 June 2019 and 30 June 2018:

30. Related Party Transactions (continued)

Related party transaction during the year (continued)

Related Party	Value of services for the year ended 30 June 2019 (excl. GST)	Value of services for the year ended 30 June 2018 (excl. GST)	Balance owing at 30 June 2019 (excl. GST)	Balance owing at 30 June 2018 (excl. GST)
Bronstat Pty Ltd	**$18,426**	$201,634	**-**	$18,244
HansonPorterCurzon P/	**-**	$291,697	**-**	$19,244

Bronstat Pty Ltd is a related party of Mr. Brett Fletcher. Bronstat Pty Ltd provided consulting services and expertise related to policies, procedures, board and committee charters and offtake and facility agreements. The services have been provided between 17 January 2017 and 13 July 2019 on normal arms length commercial terms.

Hanson Porter Curzon Pty Ltd is a related party of Mr. Cameron Bodley. Hanson Porter Curzon Pty Ltd provided taxation, secretarial, accounting, office rental and administration services to the consolidated entity on normal arms length commercial terms. Mr. Bodley ceased to be a related party on ceasing to be CFO from 22nd January 2018 .

Loans to / from related parties
The consolidated entity did not have any related party loans during the 2019 or 2018 financial years.

31. Commitments

The consolidated entity has certain obligations to perform minimum exploration work on exploration tenements held and to pay rental on all tenements. The consolidated entity also has an obligation to pay rental on its corporate office located in Melbourne.

As at balance date, total commitments on these obligations have not been provided for in the financial statements, however the expenditure required to maintain the tenements and corporate office, over which the consolidated entity has an interest in at 30 June 2019 are listed in the table below:

	30 June 2019 $'000	**30 June 2018 $'000**
Within one year	**2,373**	2,019
Two to five years	**3,015**	4,201
	5,388	6,220

There are no other commitments for expenditure.

32. Reconciliation of Operating Loss after tax to net cash used in operating activities

	30 June 2019 $'000	30 June 2018 $'000
Operating profit / (loss) after income tax	**3,758**	266
Adjustments to reconcile loss after income tax to net operating cash flows.		
Depreciation, amortisation and impairment	**13,367**	9,629
Share based payments expensed	**260**	564
Changes in Assets and Liabilities		
(Decrease)/increase in payables	**3,357**	11,625
(Decrease)/increase in provisions	**258**	481
(Increase)/decrease in prepayments	**(13)**	(242)
(Increase)/decrease in inventory	**458**	(4,190)
(Increase)/decrease in receivables	**(174)**	(1,015)
(Increase)/decrease in net deferred tax assets	**1,707**	(2,011)
Net cash from / (used) in operating activities	**22,977**	15,107

Reconciliation of Cash

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash at bank and on hand		**18,618**	12,175
Cash at call		**7,000**	8,003
	13.	**25,618**	20,178

Financing Facilities Available	30 June 2019 $'000	30 June 2018 $'000
Total facilities at reporting date		
Bank guarantee facilities	**8,358**	8,653
Credit facilities	**30**	30
Macquarie premium funding (group insurance premium)	**134**	118
Working capital facility - USD 10 million	**14,238**	13,530
	22,760	22,332
Facilities used at reporting date		
Bank guarantee facilities	**8,358**	8,653
Credit facilities	**22**	26
Macquarie premium funding (group insurance premium)	**134**	118
Working capital facility - USD 10 million	**-**	-
	8,514	8,797
Facilities unused at reporting date		
Bank guarantee facilities	**-**	-
Credit facilities	**8**	4
Macquarie premium funding (group insurance premium)	**-**	-
Working capital facility - USD 10 million	**14,238**	13,530
	14,246	13,534

33. Earnings Per Share

	30 June 2019 $	30 June 2018 $
Earnings per share from continuing operations		
Loss after income tax attributable to the owners of Red River Resources Limited	**3,758,000**	266,000
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**489,932,000**	483,615,520
Weighted average number of ordinary shares used in calculating diluted earnings per share	**497,435,571**	490,740,272
	$	**$**
Basic earnings / (loss) per share	**0.0077**	0.0006
Diluted earnings / (loss) per share	**0.0076**	0.0005

Accounting policy

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

34. Share-based Payments

The following share based payments existed at 30 June 2019:

	30 June 2019		30 June 2018	
	Number of options	**Weighted Ave. Exe. Price**	**Number of options**	**Weighted Ave. Exe. price**
Outstanding at the beginning of the year	**8,150,000**	**25 cents**	4,250,000	10/12 cents
Granted	**-**	**-**	7,100,000	30 cents
Forfeited	**(2,600,000)**	**30 cents**	(1,200,000)	30 cents
Exercised	**(750,000)**	**12 cents**	(2,000,000)	10 cents
Lapsed	**(1,500,000)**	**12 cents**	-	-
Outstanding at the end of the year	**3,300,000**	**30 cents**	8,150,000	25 cents
Exercisable at the end of the year	**-**	**-**	4,250,000	10/12 cents

34. Share-based Payments (continued)

During the 2019 financial year, no options were granted (2018: 7,100,000 to Thalanga Management).

Options issued under the plan contain no dividend or voting rights.

When exercised, each option is converted into one ordinary share.

The assessed fair value of the options at grant date is calculated in accordance with AASB 2 Share Based payments, the values are determined using a Black – Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The details of calculation for, and terms and conditions of the grant of options affecting remuneration in the reporting period are as follows:

Option series	Granted 2018 Thalanga Management	Granted 2017 MD Incentive	Granted 2017 GM Incentive
Exercise price	**$0.30**	$0.12	$0.12
Number granted	**7,100,000**	1,500,000	750,000
Grant date	**01-Sep-17**	12-Dec-16	23-Sep-16
Expiry date	**30-Jun-22**	30-Jun-19	30-Jun-19
Share price at grant	**$0.25**	$0.20	$0.16
Expected volatility	**69.62%**	86.13%	84.04%
Risk free interest rate	**3.50%**	3.50%	3.50%
Value of option at grant date	**$0.14**	$0.13	$0.09

Employee long term incentive plan (LTIP)
Under the LTIP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the consolidated entity at the end of the vesting period. Participation in the LTIP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Equity settled awards outstanding
Set out below are summaries of share rights granted under the LTIP:

	30 June 2019		30 June 2018	
	Number of performance rights	Weighted average fair value (cents)	Number of performance rights	Weighted average fair value (cents)
Outstanding at the beginning of the year	**5,821,890**	**13.6**	3,084,744	10
Rights issued during the year	**2,655,057**	**15.1**	2,825,385	17.8
Rights vested during the year	**-**	**-**	-	-
Rights lapsed during the year	**(247,040)**	**19.8**	(88,239)	18
Rights cancelled during the year	**-**		-	
Outstanding at the end of the year	**8,229,907**	**13.9**	5,821,890	13.6

The fair value of the performance rights granted during the 2019 financial year is calculated in accordance with AASB 2 Share Based payments, the values are determined using a monte carlo pricing model with the following inputs:

34. Share-based Payments (continued)

LTIP series	Granted 2019 LTIP 3	Granted 2019 LTIP 3
Grant date	26-Sep-18	25-Oct-18
Number of rights granted	1,621,384	1,033,673
Vesting date	28-Oct-21	28-Oct-21
Share price at grant date	$0.210	$0.185
Fair value at grant date	$0.151	$0.149
Expected share price volatility (%)	71.1%	69.9%
Expected dividend yield (%)	0.00%	0.00%
Expected risk-free rate (%)	2.12%	2.05%

Expenses arising from ordinary share payment transactions

Total expenses arising from share based payment transactions during the year were as follows:

	30 June 2019 $'000	30 June 2018 $'000
Options expensed as employee compensation	**32**	272
Performance rights expensed as employee compensation	**227**	292
	260	564

Accounting policy

The consolidated entity provides benefits to employees (including directors) of the consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model for options and by an external valuation using a Monte Carlo fair value estimation model for performance rights. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Significant estimates and judgements

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes or Monte Carlo methodology.

34. Share-based Payments (continued)

Significant estimates and judgements (continued)

The estimation of the achievement of vesting conditions, other than market conditions, used to adjust the number of equity instruments ultimately likely to eventually vest requires significant management judgement. These estimates are reviewed on a semi-annual basis to determine if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Company's accounting policy as described in the Notes:

Name of entity	Country of incorporation	Equity Holding 30 June 2019	Equity Holding 30 June 2018
Parent Entity:			
Red River Resources Ltd	Australia		
Subsidiaries:			
Forth Resources Pty Ltd	Australia	100%	100%
Cromarty Resources Pty Ltd	Australia	100%	100%
Hebrides Resources Pty Ltd	Australia	100%	100%

36. Parent Entity Information

Set out below is the supplementary information about the parent entity:

Statement of Comprehensive Income	**30 June 2019 $'000**	**30 June 2018 $'000**
Loss after income tax	**912**	(996)
Total Comprehensive Income	**912**	(996)

Statement of Financial Position	**30 June 2019 $'000**	**30 June 2018 $'000**
Current assets	**57,926**	55,087
Non-current assets	**38**	44
Total assets	**57,964**	55,131
Current liabilities	**868**	854
Non-current liabilities	**41**	108
Total liabilities	**909**	962
Net assets	**57,055**	54,169
Issued capital	**63,788**	62,541
Reserves	**5,287**	5,027
Accumulated losses	**(12,020)**	(13,399)
Total equity	**57,055**	54,169

36. Parent Entity Information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiary

The parent entity has entered into a Parent Company Guarantee with Trafigura in relation to the facility agreement between Cromarty Pty Ltd and Trafigura (Refer to Note 4 for further information on this facility).

Significant accounting policies - parent entity

Significant accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 3 except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment. Dividends received from subsidiaries are recognized as other income by the parent entity.

- Equity settled awards by the parent to employees of subsidiaries are recognized as an increase in investment in the subsidiary with a corresponding credit to equity and not as a change to profit or loss. The investment in subsidiary is reduced by any contribution by the subsidiary.

37. Contingent Liabilities

The Company and it's wholly owned subsidiary, Cromarty Resources Pty Ltd (Cromarty), have had legal proceedings commenced against them in relation to the payment of royalties with Thalanga Copper Mines Pty Ltd (TCM), a wholly owned subsidiary of Vedanta Resources Limited, following the purported termination of the relevant agreement. The consolidated entity has made several requests to TCM for a tax invoice to enable it to pay the royalty due prior to the date of termination. TCM has refused to issue a tax invoice. TCM has alleged that the consolidated entity is liable for non-payment of royalties and related damages, including loss and damage for the royalties payable prior to the date of termination and in respect of future royalty payments that TCM would have received pursuant to the royalty arrangements with TCM. The consolidated entity is confident that TCM’s claim in respect of future royalty payments after the date of termination will be unsuccessful and intends to defend the Claim. Royalties payable prior to the date of termination have been fully accrued in sales realisation expenses in the audited Consolidated Statement of Profit or Loss and Other Comprehensive Income and under trade and other payables in the Consolidated Statement of Financial Position. The Company provided an update to the market on these proceedings on the 25th of February 2019. The consolidated entity continues to vigorously defend the proceedings.

Cromarty Resources Pty Ltd (Cromarty), in its Half Year Report for the period ended 31 December 2018, provided details on discussions with the Queensland Department of Environment and Science (DES) with respect to the new financial assurance (FA) required for the Thalanga Operation. Cromarty and DES have agreed the new FA amount and Cromarty has lodged an additional $85,761 by way of a cash backed bank guarantee in July 2019 to meet this requirement.

Directors' Declaration

The directors of Red River Resources Limited ('the Company') declare that:

1. the financial statements and notes set out on pages 35 to 71 are in accordance with the Corporations Act 2001, including:

   a) complying with the Accounting Standards and the Corporations Act 2001 and other mandatory professional reporting requirements, and

   b) giving a true and fair view of the consolidated entity's financial position at 30 June 2019 and of its performance for the year ended on that date.

   c) complying with IFRS and interpretations adopted by the International Accounting Standards Board.

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declaration by the Managing Director, Melkon Palancian, as required by Section 295A of the Corporations Act 2001.

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

On behalf of the Board.
RED RIVER RESOURCES LIMITED

Mr. Brett Fletcher
Non-executive Chairman

30 August 2019
Melbourne, Victoria

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INDEPENDENT AUDITOR'S REPORT
To the Members of Red River Resources Limited

Opinion

We have audited the financial report of Red River Resources Limited (the Company) and its Controlled Entities (the Group) which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued.)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Revenue Recognition
Refer to Note 6 in the financial statements</td></tr>
<tr><td>Revenue recognition was considered a key audit matter, as it is complex and involves significant management judgements.

The Group’s revenue is primarily derived from the sale of zinc, lead and copper concentrate. The revenue off-take agreements require a number of checks to be completed before the sale is made. The impact of checks completed for the sale of concentrate consists of many variables including the grade, weight, commodity price and exchange rate which ultimately impacts the price to be taken up.

There are many stages from mining the resources to delivering it to the customer. This includes the mining of the resources, delivery to an offshore site, providing a holding certificate and the delivery of the concentrate. Given the various stages, there is an increased risk of revenue not being accounted for at the appropriate time or the appropriate value.</td><td>Our audit procedures in relation to revenue recognition included:
• Assessing whether the Group’s revenue recognition policies were in compliance with Australian Accounting Standards;
• Evaluating and testing the operating effectiveness of management’s controls related to revenue recognition;
• Reviewing customer contracts to understand terms and conditions of sale and the timing of when risks and rewards passed to the customer;
• Reviewing sales transactions before and after year-end to ensure that revenue was recognised in the correct period;
• Reviewing large or unusual transactions during the financial year;
• Reviewing the reconciliations of material revenue streams with banking receipts to identify any unusual or major reconciling items; and
• Performing test of details over a sample of revenue transactions.</td></tr>
<tr><td colspan="2">Rehabilitation liability
Refer to Note 23 in the financial statements</td></tr>
<tr><td>At 30 June 2019, the Group’s balance sheet includes a rehabilitation liability of $7.929 million.

Given the nature of its operations, the Group incurs obligations to close, restore and rehabilitate its sites. Closure and rehabilitation activities are governed by a combination of legislative requirements and Group policies. Significant estimates over life of mine and reserves are made by the Group in determining its rehabilitation provision.

The calculation of closure and rehabilitation provisions requires significant judgement due to the inherent complexity in estimating the quantum and timing of future costs and determining an appropriate rate to discount these costs back to their present value. The majority of the Group’s assets are long-life which increases the estimation uncertainty relating to future cash flows.

Closure and rehabilitation provisions was a key audit matter due to the significant size relative to the Group’s financial position and the level of judgement applied by us in evaluating management’s estimates of the quantum and timing of future costs and assessing the rate used to discount the costs back to their present value.</td><td>Our audit procedures in relation to the rehabilitation liability included:
• Assessing the work of the Group’s mine closure specialists in identifying rehabilitation activities against legislative requirements and assessing their timing and likely cost. We evaluated their methodology against industry practice and our understanding of the business;
• Reviewing relevant governmental correspondence in relation to their independent assessment as to the validity and reasonableness of the rehabilitation plan;
• Evaluating the competency and objectivity of the mine closure specialists based on their professional qualifications, experience, use of industry accepted methodology, remuneration structure and reporting lines; and
• Evaluating the key economic assumptions used in the calculation of significant closure and rehabilitation provisions, including the discount rate applied to calculate the net present value of the provision.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Red River Resources Limited., for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2019
Melbourne, Victoria

Corporate Governance Statement

The Board and management of Red River Resources Limited are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate for the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

The Corporate Governance Statement is accurate and up to date as at 30 August 2019 has been approved by the Board.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4 the Corporate Governance Statement is available for review on the Company's website (www.redriverresources.com.au) and will be lodged together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (www.redriverresources.com.au).

Shareholder Information

ASX Information

The substantial Shareholders of the Company as at 22 August 2020 were:

Substantial Shareholder	Number Held	Percentage
	-	-

Distribution of Shareholders as at 22 August 2020:

Range of Holding	Holders	Shares
1 - 1,000	98	19,345
1,001 - 5,000	630	2,096,216
5,000 - 10,000	591	5,095,761
10,001 - 100,000	1,782	72,731,557
100,000 - over	581	410,739,121
	3,682	490,682,000

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Top twenty largest Shareholders as at 22 August 2020:

	Number of shares	% of capital held
UBS NOMINEES PTY LTD	23,856,425	4.86%
CITICORP NOMINEES PTY LIMITED	21,302,322	4.34%
NATIONAL NOMINEES LIMITED	15,614,022	3.18%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	14,319,655	2.92%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,323,164	2.31%
BRAHAM CONSOLIDATED PTY LTD	9,802,963	2.00%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	9,801,916	2.00%
BNP PARIBAS NOMS PTY LTD <DRP>	9,193,779	1.87%
MRS NARELLE FAY	8,000,000	1.63%
MR DONALD GARNER	7,631,601	1.56%
BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	6,000,000	1.22%
MR ANDREW FAY	5,500,000	1.12%
WYMOND INVESTMENTS PTY LTD <DEE WHY SALES P/L S/F A/C>	5,400,000	1.10%
ZENITH PACIFIC LIMITED	5,200,000	1.06%
BRAHAM INVESTMENTS PTY LTD <BRAHAM STAFF SUPER FUND A/C>	5,095,656	1.04%
R J MUFFET PTY LTD <R J MUFFET SUPER FUND A/C>	4,600,000	0.94%
SOUTHERN CROSS CAPITAL PTY LTD	4,550,000	0.93%
MR DAVID ROTHWELL	4,450,000	0.91%
MR RAYMOND EDWARD MUNRO + MRS SUSAN ROBERTA MUNRO <MU	4,300,000	0.88%
BPM CAPITAL LIMITED	4,000,000	0.82%
Total top twenty Shareholders	**179,941,503**	**36.67%**
Total other Shareholders	310,740,497	63.33%
Total Shareholders	**490,682,000**	**100.00%**

Unmarketable Parcel
Minimum parcel size of $500 equates to approx. 3,226 shares at $0.155 per share of which there are 421 holders with a total of 782,333 shares.

Interest in Mining Tenements

Interest in tenements held at 30 June 2019.

Tenement Name	Holder	Grant Date	Expiry Date	Beneficial Interest
QUEENSLAND				
Thalanga				
EPM 10582	Cromarty Resources Pty Ltd	28/07/1995	31/12/2020	100%
EPM 12766	Cromarty Resources Pty Ltd	22/04/2004	21/04/2021	100%
EPM 14161	Cromarty Resources Pty Ltd	15/06/2004	14/06/2022	100%
EPM 16929	Cromarty Resources Pty Ltd	23/02/2010	22/02/2023	100%
EPM 18470	Hebrides Resources Pty Ltd	19/04/2011	18/04/2021	100%
EPM 18471	Hebrides Resources Pty Ltd	19/04/2011	18/04/2021	100%
EPM 18713	Hebrides Resources Pty Ltd	2/07/2012	1/07/2022	100%
EPM 25815	Hebrides Resources Pty Ltd	30/06/2015	29/06/2020	100%
EPM 25895	Hebrides Resources Pty Ltd	7/09/2015	6/09/2020	100%
EPM 26718	Cromarty Resources Pty Ltd	9/08/2018	8/08/2023	100%
ML 1392	Cromarty Resources Pty Ltd	17/03/1977	30/06/2020	100%
ML 1531	Cromarty Resources Pty Ltd	29/01/1987	30/04/2021	100%
ML 10137	Cromarty Resources Pty Ltd	14/12/1995	31/12/2027	100%
ML 10185	Cromarty Resources Pty Ltd	6/10/1994	30/04/2021	100%
ML 10186	Cromarty Resources Pty Ltd	6/10/1994	30/04/2021	100%
ML 10277	Cromarty Resources Pty Ltd	24/02/2005	28/02/2025	100%