

Red River Resources Limited

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Red River Resources gears up for Hillgrove gold restart on back of record Thalanga copper production

Red River Resources Limited (ASX:RVR) continues mining and processing at Thalanga Base Metals Operation in Northern Queensland while it accelerates restart activities at Hillgrove Gold Project in New South Wales.

At Thalanga, the company reported record quarterly copper concentrate production of 2,697 tonnes, due to the transition from metal production at West 45 to Far West which has higher copper grades.

Copper recovery to copper concentrate increased to 84.7%, with an average copper concentrate grade of 26.5% copper, 2.5 g/t gold and 367 g/t silver.

The operations also produced zinc concentrate production of 4,544 tonnes, lead concentrate production of 1,133 tonnes and gold concentrate production of 475 tonnes.

Zinc recovery to zinc concentrate averaged 86.4% for the period with a high-quality zinc concentrate grading 54.0% zinc produced, and lead recovery to lead concentrate increased to 69.7%, with an average concentrate grade of 67.5% lead, 4.6 g/t gold and 1,747 g/t silver produced.

Liontown tailings

While ore for the Thalanga Operation is being sourced from Far West, the company plans to develop the Liontown gold-rich deposit to extend the operational life of Thalanga.

Red River commenced mine design and scheduling activities for the Liontown project, with the focus being on a combined open pit and underground development with a conceptual mine life of 10+ years.

During the quarter, around 13,000 tonnes of historic gold tailings were reclaimed from the Liontown project site, trucked to Thalanga Operations and processed through the mill.

The tailings produced 475 tonnes of gold concentrate grading 62.3 g/t gold, 197 g/t silver and 12.8% copper.

The Liontown project has a current mineral resource of 4.1 million tones at 0.6% copper, 1.9% lead, 5.9% zinc, 1.1 g/t gold and 29 g/t silver.

Price: 0.265

Market Cap: \$137.21 m

1 Year Share Price Graph



Share Information

Code: RVR

Listing: ASX

52 week	High	Low
	0.31	0.042

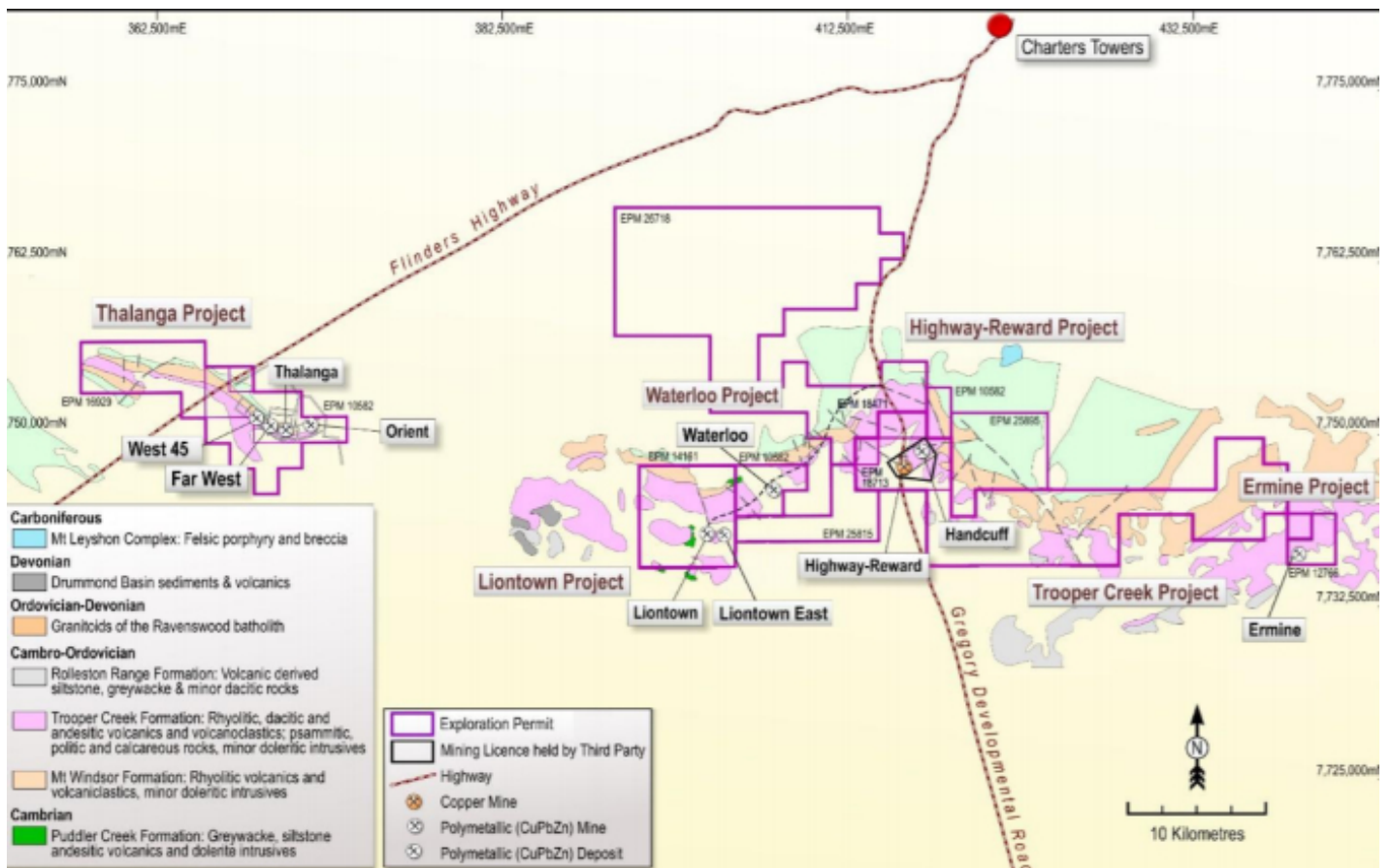
Sector: Oil & Gas

Website: www.redriverresources.com.au

Company Synopsis:

Red River Resources Ltd (ASX:RVR) is a zinc, lead & copper producer with significant gold and silver credits.

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Liontown Project location

Historic Hillgrove Mine

Red River acquired the historic Hillgrove Gold Project in August 2019 and controls the entirety of the Hillgrove Mineral Field, holding 225 square kilometres of exploration leases and 17 square kilometres of mining leases.

To date, Hillgrove has produced more than 730,000 ounces of gold (in bullion and concentrates), over 50,000 tonnes of antimony (as metal and in concentrates) plus material amounts of by-product tungsten (in concentrates).

Hillgrove currently has a JORC 2012-compliant mineral resource of 3 million tonnes at 4.9 g/t gold and 1.6% antimony (477,000 ounces gold and 48,000 tonnes antimony) and an additional material JORC 2004-compliant mineral resource.

During the quarter an initial 14-hole drilling program for 1,310 metres commenced, comprising an eight-hole program designed to target shallow high-grade gold mineralisation in the upper levels of the Eleanora Lode.

This will be followed by a six-hole, 620-metre program, partially funded by the NSW New Frontiers Cooperative Drilling Program - Round 3, to target the high-grade gold-antimony mineralisation at the Curry's Block target.

Stage one restart underway

The company aims to progress a lean, capital-efficient staged restart process, with stage one processing of Bakers Creek stockpile (with a resource of 225,000 tonnes at 2.5 g/t gold -18,000 ounces gold contained) scheduled to begin at the end of 2020.

Metallurgical test-work completed indicated a total gold recovery (gold recovered to a gravity gold concentrate and a flotation gold concentrate which will both then be leached on-site to produce gold dore) of around 80% to gold dore.

Red River will utilise the extensive existing site infrastructure and equipment to deliver a low capital cost restart, with an estimated stage one capital cost of about \$5 million.

As part of stage one restart, the company recently acquired a reconditioned Knelson gravity gold concentrator in the US which has been delivered to site and will be installed shortly.

Stage two, the full restart of underground mining operations, is scheduled to commence at the end of 2021.



Knelson Gravity Gold Concentrator onsite at Hillgrove.

Concentrate sales

Revenue from Thalanga was \$15.6 million, with \$5.7 million from sales of zinc concentrate, \$1.7 million from lead concentrate, \$5.2 million from copper concentrate and \$3 million from payable precious metals (gold and silver) contained in copper and lead concentrates.

The concentrates were all delivered under long-term offtake agreements to Trafigura (zinc and lead concentrate) and Glencore (copper concentrate).

Thalanga Operations quarterly EBITDA (unaudited) was \$3.5 million, an increase of \$6.1 million over the prior quarter.

Reduced operating costs

Operating costs during the quarter were \$2.5 million lower, as the costs of recovering and handling the Lioneville tails was more than offset by the transfer of operating costs associated with the higher closing concentrate inventories to the balance sheet.

C1 Cash costs for the period decreased compared to the prior quarter primarily due to lower concentrate treatment charges and higher by-product credits derived from record copper concentrate production and the production of gold concentrate.

Working capital facility

The company repaid US\$1 million on the working capital facility during the quarter, with the balance at quarter-end reducing to US\$5 million (A\$7.3 million).

Cash at bank at the end of the quarter was \$8.1 million, plus financial assets of \$12.9 million (cash-backed security bonds and deposits) as at June 30, 2020.

This was after investing \$3.3 million in mine development, (primarily the Far West underground mine), \$0.2 million in exploration and repaying \$1.5 million on the working capital facility.

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