

**RED RIVER RESOURCES LIMITED-(RVR)**

**QUARTERLY REPORT (First Quarter) JULY-SEPTEMBER 2005.**

**HIGHLIGHTS**

- Successful ASX Listing on July 15, 2005
- Commencement of Wongan Hills drilling program
- Extension of Wongan Hills soil sampling.
- Purchase of E70/2728, Wongan Hills.
- Bungalow Well Uranium Prospect Heads of Agreement.

**COMMENCEMENT OF WONGAN HILLS DRILLING**

During late August and early September 6 reverse circulation (RC) drill holes (MRRC1 to MRRC6) were completed for a total of 646 metres of drilling. The location of the drilling program is shown in Figure 1 attached and the individual drill hole locations are shown in Figure 2. Copper values encountered in the drill holes range up to 0.14% Cu (MRRC1, 43-44m) and are distinctly geochemically anomalous over broad intervals. Gold values range up to 0.09 g/t Au (MRRC1, 36-37m). Widespread rock alteration, mainly as silicified zones, was also encountered, as was quartz veining.

The holes were drilled along a farm access road. Due to boggy ground conditions, the program has had to be temporarily suspended until drier conditions prevail and the surrounding farm paddocks become accessible to heavy drill trucks.

Figure 2 shows that there are better defined drill targets to the west, southwest and northwest than those that were drilled recently. Drilling is expected to resume during late October.



## **SOIL GEOCHEMICAL SAMPLING, WONGAN HILLS**

The company has substantially extended its coverage of soil sampling for Mobile Metal Ion (MMI) analysis and the currently available results for copper and gold are summarised in Figure 2. Distinct copper, gold and palladium metal zonation has now been mapped around, at least, three separate granitoid plugs in the north eastern sector of the Mount Rupert Anomaly.

Strongest potential for major metal discovery is interpreted to reside in the western sector of the area of detailed soil sampling over a shear zone with a strike length of 3,500 metres. A strong poison anomaly, i.e. a zone of bare ground and stunted plant growth, occurs on the western margin of a granitoid plug at the northern end of this zone (see Figure 2) and is also spatially associated with, what appear to be, the two best soil gold anomalies. Botanical surveying, preparatory to application for Clearing Permits and then a Ground Disturbing Application, is expected to be commenced during October 2005 over this northern area.

## **PURCHASE OF EXPLORATION LICENCE E70/2728, WONGAN HILLS.**

On 20<sup>th</sup> September 2005, the company purchased Exploration Licence E70/2728 (see Figure1) from Swancove Enterprises Pty Ltd for \$3,500 being reimbursement for application costs, as well as a royalty of 1.35% from any future production. The permit contains the Area Two soil gold anomaly which is interpreted by Red River Resources as occurring adjacent to a granitoid plug.

## **BUNGALOW WELL URANIUM PROSPECT**

On 15th September 2005 the Company announced that it had entered into a Heads of Agreement ("HOA") to form a Joint Venture with Uranium Oil & Gas Limited ("UOG") to explore the Bungalow Well Uranium Project (Exploration Licence Application E36/549), subject to a number of conditions including the receipt of an Independent Expert's Report, approval by shareholders of both companies and the grant of Exploration Licence E36/549. It is proposed to obtain shareholder approval at the forthcoming annual general meeting of Red River due be held in late November 2005. Shareholders approval is to be obtained as directors of Red River, David Zohar and John Karajas are significant shareholders in both Red River and UOG and David Zohar is also Director of UOG (and it is proposed that John Karajas will become a director of such company).

The basic terms of the HOA are as follows:

1. Red River may earn a 40% interest in the Exploration Licence 36/459 ("EL") by expending \$500,000 on exploration of the EL over a three year period commencing on the date the Exploration Licence is granted;

Operations Office: Suite 29, 44 Kings Park Road  
West Perth, Western Australia 6005  
Tel. (08) 6263 4477  
Fax. (08) 6485 1220  
Email: [redriverresources@people.net.au](mailto:redriverresources@people.net.au)



2. Red River shall pay UOG the sum of \$20,000 upon the execution of formal documentation provided however such sum will be repaid by UOG to Red River if this agreement has not become unconditional within 24 months of the date of execution of this HOA;
3. Upon expenditure of \$100,000 Red River will earn a 10% interest in the Exploration Licence;
4. Upon expenditure of a further \$100,000 Red River will earn a further 10% interest in the Exploration Licence;
5. Upon the expenditure of a further \$300,000 Red River will earn a further 20% in the Exploration Licence.

The Bungalow Well project area encompasses approximately 100 square kilometres of a Tertiary to Recent palaeochannel over which numerous airborne radiometric anomalies have been recorded and is only about 50 kilometres south of the BHP Billiton Yeelirrie uranium deposit which has been deposited in similar sediments.

1970's vintage exploration by Le Nickel Prospecting Pty Ltd over only a small portion of the Bungalow Well palaeochannel has indicated the presence of uranium values of up to 0.47% at surface and 0.2% U<sub>3</sub>O<sub>8</sub> in auger drill samples.

More detailed information on this project area will be released once a formal agreement has been reached with UOG.

## **FINANCIALS – APPENDIX 5B**

At September 30<sup>th</sup> 2005, the company had available funds of approximately \$2,349,000. The attached 5B highlights the quarter's cash activities and other relevant financial information.



J. Karajas  
Managing Director

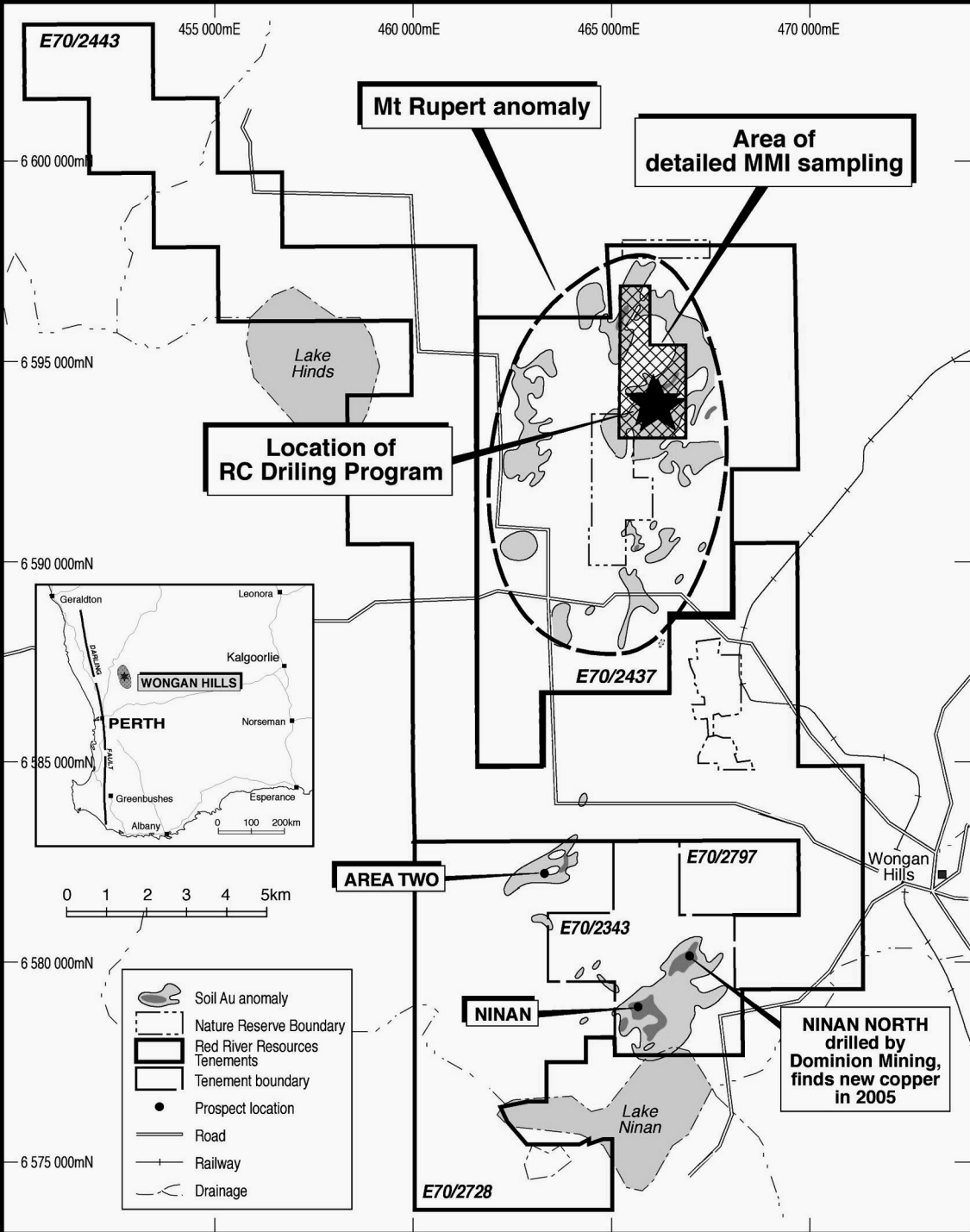
28 October 2005.

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*The information within this report as it relates to geology and mineral resources was compiled by the Managing Director Mr John Karajas. Mr Karajas is a Member of the Australian Institute of Geoscientists. Mr. Karajas has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr Karajas consents to the inclusion in the report of the matters based on information in the form and context which it appears.*

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**Red River Resources Limited**  
**Wongan Hills Area**  
**September 2005 Exploration Status Summary**



465 000mE

466 000mE

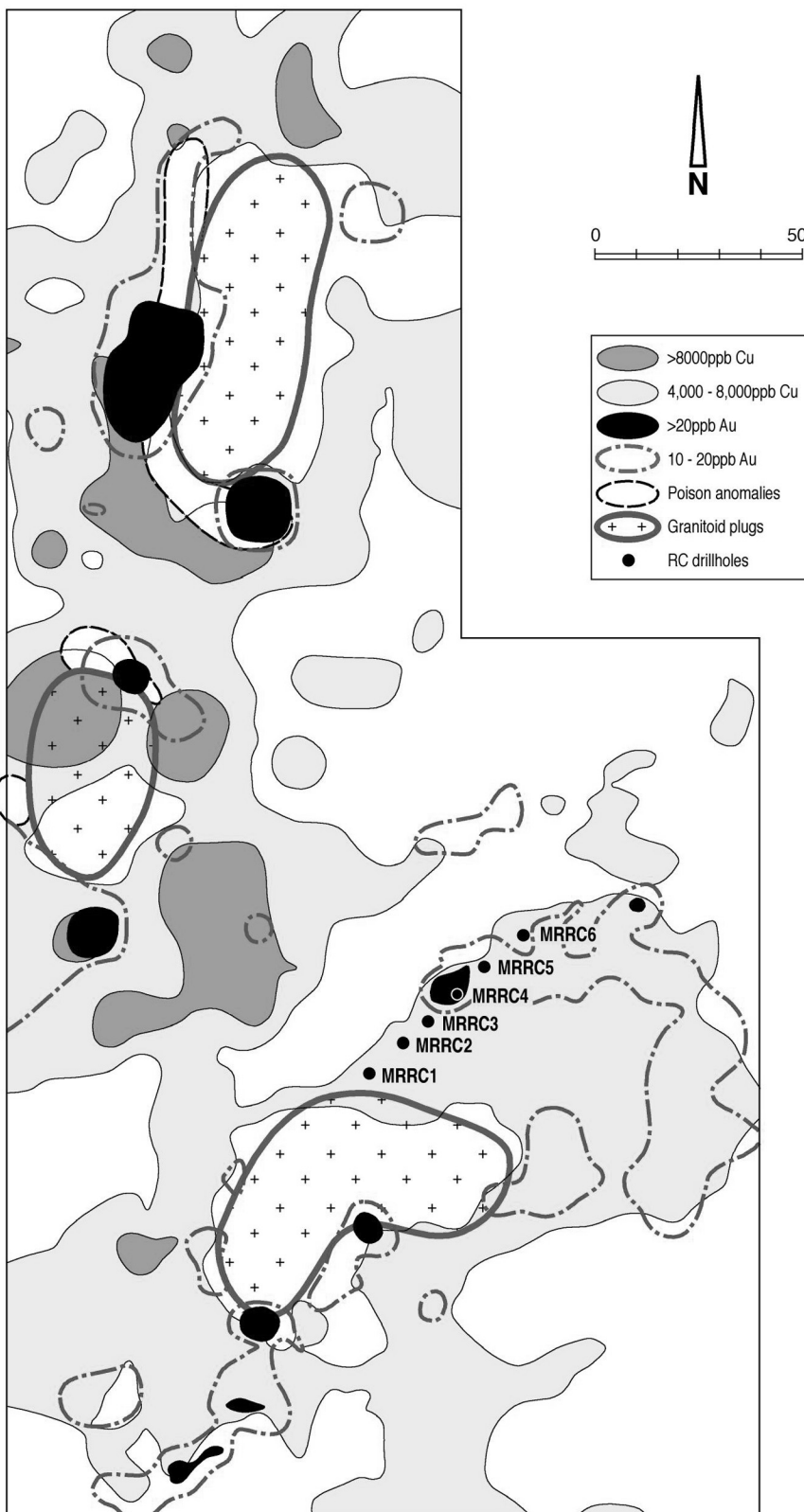
467 000mE

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

RED RIVER RESOURCES LIMITED

ABN

35 100 796 754

Quarter ended ("current quarter")

30 SEPTEMBER 2005

### Consolidated statement of cash flows

| Cash flows related to operating activities        |  | Current quarter<br>\$A'000 | Year to date<br>(3 ... months)<br>\$A'000 |
|---|--|----------------------------|---|
| 1.1   | Receipts from product sales and related debtors  | 0                          | 0   |
| 1.2   | Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (189)<br>0<br>0<br>(127)   | (189)<br>0<br>0<br>(127)                  |
| 1.3   | Dividends received   | 0                          | 0   |
| 1.4   | Interest and other items of a similar nature received  | 22                         | 22  |
| 1.5   | Interest and other costs of finance paid   | 0                          | 0   |
| 1.6   | Income taxes paid  | 0                          | 0   |
| 1.7   | Other (provide details if material)- GST net paid  | (39)                       | (39)                                      |
|   | <b>Net Operating Cash Flows</b>  | <b>(333)</b>               | <b>(333)</b>                              |
| <b>Cash flows related to investing activities</b> |  |                            |   |
| 1.8   | Payment for purchases of:<br><br>(a) prospects<br>(b) equity investments<br>(c) other fixed assets     |                            |   |
| 1.9   | Proceeds from sale of:<br><br>(a) prospects<br>(b) equity investments<br>(c) other fixed assets        |                            |   |
| 1.10  | Loans to other entities  |                            |   |
| 1.11  | Loans repaid by other entities   |                            |   |
| 1.12  | Other –Loans repaid to director entity   | (45)                       | (45)                                      |
|   | <b>Net investing cash flows</b>  |                            |   |
| 1.13  | Total operating and investing cash flows (carried forward)   | (378)                      | (378)                                     |



|      |  |       |       |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (378) | (378) |
|      | <b>Cash flows related to financing activities</b>          |       |       |
| 1.14 | Proceeds from issues of shares, options, etc.              | 649   | 649   |
| 1.15 | Proceeds from sale of forfeited shares                     |       |       |
| 1.16 | Proceeds from borrowings                                   |       |       |
| 1.17 | Repayment of borrowings                                    |       |       |
| 1.18 | Dividends paid   |       |       |
| 1.19 | Other- Capital Raising Costs                               | (202) | (202) |
|      | <b>Net financing cash flows</b>                            | 447   | 447   |
|      | <b>Net increase (decrease) in cash held</b>                | 69    | 69    |
| 1.20 | Cash at beginning of quarter/year to date                  | 2,280 | 2,280 |
| 1.21 | Exchange rate adjustments to item 1.20                     |       |       |
| 1.22 | <b>Cash at end of quarter</b>                              | 2,349 | 2,349 |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 79                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | 0                          |
| 1.25 | Explanation necessary for an understanding of the transactions   |                            |
|      | Salaries and director fees                                       |                            |

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- N/A
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- N/A



## Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements |                             |                        |

## Estimated cash outflows for next quarter

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 500     |
| 4.2 Development                |         |
| <b>Total</b>                   |         |

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 139                        | 2,,280                      |
| 5.2 Deposits at call                             | 2,210                      | 0                           |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter</b> (item 1.22) | 2,349                      | 2,280                       |

## Changes in interests in mining tenements

|     | Tenement<br>reference   | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining<br>tenements relinquished,<br>reduced or lapsed |                                  |  |                                  |
| 6.2 | Interests in mining<br>tenements acquired or<br>increased           |                                  |  |                                  |



## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|      |  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|------|--|--------------|---------------|---|--|
| 7.1  | <b>Preference securities</b><br>(description)  |              |               |   |  |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3  | <b>+Ordinary securities</b>  | 45,703,503   | 25,193,503    | 20 cents                                      | 20 cents   |
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 15,853,500   | 15,853,500    | 20 cents                                      | 20 cents   |
| 7.5  | <b>+Convertible debt securities</b><br>(description)   |              |               |   |  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7  | <b>Options</b><br>(description and conversion factor)  | 23,743,000   | 15,650,000    | Exercise price<br>20 cents                    | Expiry date<br>31 March 2010                     |
| 7.8  | Issued during quarter  | 8,165,500    | 8,165,500     | 20 cents                                      | 31 March 2010                                    |
| 7.9  | Exercised during quarter   | 22,500       |               | 20 cents                                      | 31 March 2010                                    |
| 7.10 | Expired during quarter   | 0            |               |   |  |
| 7.11 | <b>Debentures</b><br>(totals only)   |              |               |   |  |
| 7.12 | <b>Unsecured notes</b> (totals only)   |              |               |   |  |



## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....Date: 28 October 2005.  
(Director/Company secretary)

Print name: ...JOHN VAN DIEREN.....

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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