

7 February 2006

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

**PROPOSED JOINT VENTURE: BLYTHE IOCG PROJECT, NORTHERN TASMANIA.**

Red River Resources Limited ("Red River" or "the company") wishes to announce that it has signed a Heads of Agreement with Iron Mountain Mining Limited ("Iron Mountain") on a proposed Joint Venture Agreement covering Exploration Licence EL6/2005 ("Cuprona"), 7 kilometres south east of the town of Burnie, northern Tasmania. The permit contains a prominent fault trend, 6 kilometres long, which is indicated in outcrop and also by aeromagnetic data. This fault trend extends north eastward from the Late Devonian Hilltop Granite and, to a large extent, is covered by a veneer of Tertiary basalt (see attached Figure). Outcropping portions of the fault trend contain pods of primary hematite and hematite/quartz mineralisation at Northern Quarries and Blythe River Valley (see attached Figure) and skarn type magnetite-pyrrhotite mineralisation, overlain by secondary hematite/limonite at the southern end of the trend. Flanking the fault trend are small structurally-parallel copper mineralisations. The company infers excellent potential for the discovery of substantial IOCG (iron oxide-copper-gold) mineralisation along the trend and believes that it is amenable to modern exploration techniques such as airborne electromagnetic surveying.

In the short term the company will be investigating the feasibility of mining direct shipping ore grade iron ore from the Blythe River Valley and shipping it from Burnie. In the more medium term, Red River will be exploring for substantial copper-gold mineralisation along the fault trend.

The terms of the Heads of Agreement between Red River and Iron Mountain are as follows:

1. Red River to have a two month period to visit the Prospect and collect and assess all the data available from the Tasmanian Mines Department.
2. Formalisation of a Joint Venture Agreement is subject to shareholder approval by both companies.
3. Upon formalisation of a Joint Venture, Red River to reimburse all Iron Mountain's application, government and holding costs.
4. Red River may earn sixty percent (60%) interest in the Exploration Licence by expending seven hundred thousand dollars (\$700,000) over a period of three years commencing from the date of the formalisation of Joint Venture in the following stages:

Spend \$100,000 to earn a minimum of 10%  
Then spend \$200,000 to earn a further 20%  
Then spend \$200,000 to earn a further 20%  
Then spend final \$200,000 to earn 60% total.

5. Area of influence of 10 kilometres around EL6/2005 to apply to the Joint Venture.

Mr David Zohar, an executive director of Red River, is also a major shareholder and director of Iron Mountain making the proposed Joint Venture a "Related Party Transaction". For this reason, Red River will be required to engage an Independent Technical Expert as well as an Independent Accountant to review the Proposed Joint Venture to ascertain whether it is "fair and reasonable" prior to submission to an Extraordinary General Meeting of Red River shareholders in order to gain approval to proceed.

### **Iron Ore Prospectivity**

The hematite and hematite-quartz deposits at Northern Quarries and the Blythe River Valley outcrop as discrete pods along the fault trend and range in length up to 225m. Drilling at Northern Quarries has delineated a true width of 20m and also has shown that the mineralisation extends to a depth of at least 65m. The pods have also been extensively sampled along trenches and adits by Blythe River Iron Ore Mines in 1900 and by the Tasmanian Mines Department. More iron mineralisation is inferred to occur under the Tertiary basalt cover.

Adit and bulk surface sampling from the Blythe River Valley show that, at least, portion of this mineralisation is of direct shipping ore grade with the following specifications:

Fe(%):	63.3-68.7%
SiO <sub>2</sub> (%):	1.6-7.8%
P <sub>2</sub> O <sub>5</sub> (%):	0.08
Al <sub>2</sub> O <sub>3</sub> (%):	1.8
CaO(%):	0.07
MgO(%):	0.07
S(%):	0.02
TiO <sub>2</sub> (%):	0.03
Moisture(%):	0.16

Considering that this mineralisation is within 7-10 kilometres distance from the deep water port of Burnie, the company will be investigating whether a mining operation for the production of direct shipping ore grade iron ore will be economically feasible. The company will also evaluate metallurgical data from a Tasmanian Mines Department investigation from 1962 showing that lower grade portions of the hematite-quartz mineralisation can be upgraded by relatively cheap gravity separation. Drilling beneath the Tertiary basalt cover may also delineate subcropping iron mineralisation.

Should these investigations prove positive, it is Red River's intention to proceed to a mining and shipping project.

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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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