

DATE: 9 MARCH 2018
OUR REF: 0109032018

KARL SPALECK
RED RIVER RESOURCES
PO BOX 1248
CHARTERS TOWERS QLD 4820

RE: PROGRESS REPORT: THALANGA ENVIRONMENTAL EVALUATION

Dear Karl,

This letter outlines the progress made over the period of six months from 15 September 2017 in regards to the environmental evaluation (EE) currently being undertaken for Thalanga Project. This progress report is one of the requirements of the environmental evaluation as per a notice (10/0009448; CR78215; STAT1173) from the former department of environment and heritage protection (EHP).

The environmental evaluation commenced on 15 September 2017. In the first three months, Northern Resource Consultants (NRC) prepared a design document for the investigation. It contained:

- A detailed methodology outlining proposed investigations and
- A tabulated timeline of implementation

The design document was submitted to Red River Resources on the 12 December 2017.

Between December 2017 and March 2018, NRC has detailed the site history of the Thalanga mine site and compiled historical climatic data into two introductory chapters of the EE. This fulfils the requirements of Step 1 Site History and Step 2 Climate Methodology outlined in Table 1 of the EE design document.

- The site history summarizes the development of the Thalanga mine site, describing the chronological development of the open pit and underground operations. The site history also describes the creation and relocation of waste rock dumps and tailings storage across the site and underground voids, stating origins, volumes and timing. Further, operational changes such as the processing of different ore types and site water management decisions are highlighted to have had potential influences on geochemical and hydrogeological development of the Thalanga site.
- The climate chapter describes the overall climatic factors at Thalanga with rainfall and evaporation being the key hydrological factors. Yearly site evaporation is significantly larger than annual rainfall volumes. Historic on-site pan evaporation records for Thalanga suggest that site pan evaporation rates may be 5-10% higher than BOM estimates. A monthly mass balance between evaporation and rainfall suggests that natural groundwater recharge is likely to occur only during the months of January and February.
Long term historic climate trends as well as the potential near future climate outlook appears to be influenced by the El Niño cycle.

The two introductory chapters of the environmental evaluation will be sent to you for review along with this letter. Please do not hesitate to contact us if you have any questions in this regard.

Sincerely,

Dr Manish Jha
Principal Hydrogeochemist