



Red River ready for golden future

WHEN Red River Resources (ASX: RVR) picked up the Hillgrove gold and antimony project in New South Wales for just \$4 million scrip last year, the market appeared to assume the deal was too good to be true.

Hillgrove is a high-grade asset on care and maintenance that previously produced gold and antimony and has had more than \$180 million spent on its infrastructure in the past 15 years. It has a JORC 2012-compliant resource of 459,000 ounces of gold grading 5.1 g/t Au and there's also a material JORC 2004-compliant Mineral Resource.

Picking up a project which is close to production when Australian gold prices are at all-time highs at such an attractive price is no easy feat. As a strong believer in gold and gold equities I believe Hillgrove is an inexpensive way for Red River to enter the sector and diversify its project portfolio at the same time.

When Red River bought the Thalanga Zinc Project in northern Queensland from Kagara's liquidators for \$6.5m in 2014, it was heralded as "deal of the year", but it appears the market has a short memory as efforts to replicate that success at Hillgrove – with a legitimately good project – have been largely ignored to date.

However, Red River is ready to challenge the market's perception and has hit the ground running at Hillgrove where it expects to fast-track gold production from Hillgrove later this year, leveraging its exposure to high gold prices at the perfect time.

The company has an Enterprise Value of about \$17 million but based on the numbers we've crunched; Red River could add another \$25 million to its cash balance over the next 18 months from Hillgrove. Perhaps this kind of success could provide the overdue share price re-rating for the Company?

Red River has outlined a low-cost plan to recover gold from existing stockpiles – no mining needed – across the Hillgrove landholding while the company prepares to resume underground operations.

The Bakers Hill stockpile has a maiden resource of 18,000oz gold and Red River is less than six months from producing first gold at Hillgrove.

Led by Managing Director Mel Palancian and Chairman Brett Fletcher, who both have considerable experience in building and operating mining projects to run at their most efficient, the team at Red River is an impressive one. Executive Director Donald Garner who has 20 years' experience in project identification and analysis, and General Manager Operations Karl Spaleck, who the company has just announced is transitioning from his role at Thalanga to lead the Hillgrove restart, add further to strength to the team.

After bringing the Thalanga Zinc Project back into production ahead of schedule and on budget in 2017, where a third deposit is set to be developed this year, the team knows what is needed to get Hillgrove producing gold quickly and efficiently. This means that by the end of 2020 Red River will become a truly diversified base metals and gold producer, an investment proposition perhaps not fully appreciated right now.

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