



R3D Resources Limited | ACN: 111 398 040 | ASX: R3D

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29 October 2021

Quarterly Report for Period Ended 30 September 2021 and Appendix 5B

Highlights

- **R3D Resources re-admitted to ASX on 22 July after raising \$4.25 million in a public offer.**
- **Completion of a 1,600 m three-hole diamond drilling programme intersecting significant sulphide intersections on the Tartana mining leases.**
- **Option secured to acquire Beefwood project to consolidate prospective Bulimba tenement package.**
- **Falcon magnetic/gravity surveys completed over Bellevue, parts of Bulimba and Beefwood projects.**
- **Appointment of a new Plant Manager to co-ordinate Tartana plant refurbish.**
- **Zeehan low grade furnace slag/matte shipments total 64,026 tonnes.**

R3D has experienced an active September 2021 quarter following the Company's readmission to the ASX on the 22 July 2021 having completed a drilling campaign on the Tartana mining leases, geophysical surveys across the Beefwood/Bellevue projects and part of the Bulimba project as well as maintaining Zeehan slag exports.

The Company is also pleased to report that there were no safety incidents during the quarter and the Company operates in compliance of COVID-19 advice from the State and Federal Governments.

Tartana Mining Lease Projects

The Tartana mining leases have both exploration targets focusing on conventional copper targets below and to the east of the open pit as well as the separate Queen Grade zinc target.

Additionally, the mining leases contain a heap leach – solvent extraction – crystallisation plant which produced copper sulphate for approximately a decade before being placed on care and maintenance in 2014. The copper for this plant was sourced by mining shallow oxide copper ore from the open pit.

Drilling Copper Targets

At the end of the September 2021 quarter the Company commenced a 1,600 metre (m) drilling campaign to test large copper targets away from the known copper mineralisation in the open pit area (see Figure 2 with the historical drilling concentrated on the open pit area).

The campaign commenced on the 21 September 2021 and was completed on the 25 October 2021 having drilled three drillholes for a total of 1,667.6 m as summarised in Figure 1.

Drillhole	Type	Collar Co-ordinates			Dip	Azimuth	Hole length	Core size
		X	Y	RL				
RDD001	Diamond	2089450	8126105	233	-75	202	522.9	HQ to 111.6m NQ to end of hole
RDD002	Diamond	2089444	8125770	241	-67	203	693.8	HQ to 50.6m NQ to end of hole
RDD003	Diamond	2089444	8125770	241	-60	38	450.9	HQ to 74.6m NQ to end of hole

Figure 1 – Drillholes completed as part of the Tartana copper exploration.

The programme was highly successful in identifying broad zones of sulphide mineralisation (pyrite and chalcopyrite), particularly in RDD 003 with the following sulphide estimations:

- A 216.9 m downhole intersection from 98.8 m containing visually estimated 3% to 15% visually estimated total sulphide content (average 7%)
- A second 65.5 m downhole intersection from 369.3 m containing a visually estimated average 4% total sulphide.

The other holes also recorded intersections containing sulphides and these were:

- RDD001 intersected 29 m downhole of 2-3% visually estimated sulphides from 202 m
- RDD 002 intersected 34 m downhole of 3 -5 % visually estimated sulphides from 299 m
- RDD 002 intersected 6.6 m of semi-massive sulphides from 584.7 downhole with the intersection occurring directly underneath the pit.

These zones are significant and while assays are pending, the drilling is indicating a zoned polymetallic system, which is much more extensive than the historic oxide pit. Geological interpretation is also ongoing, particularly with respect to the orientation of structural features which may be controlling mineralisation.

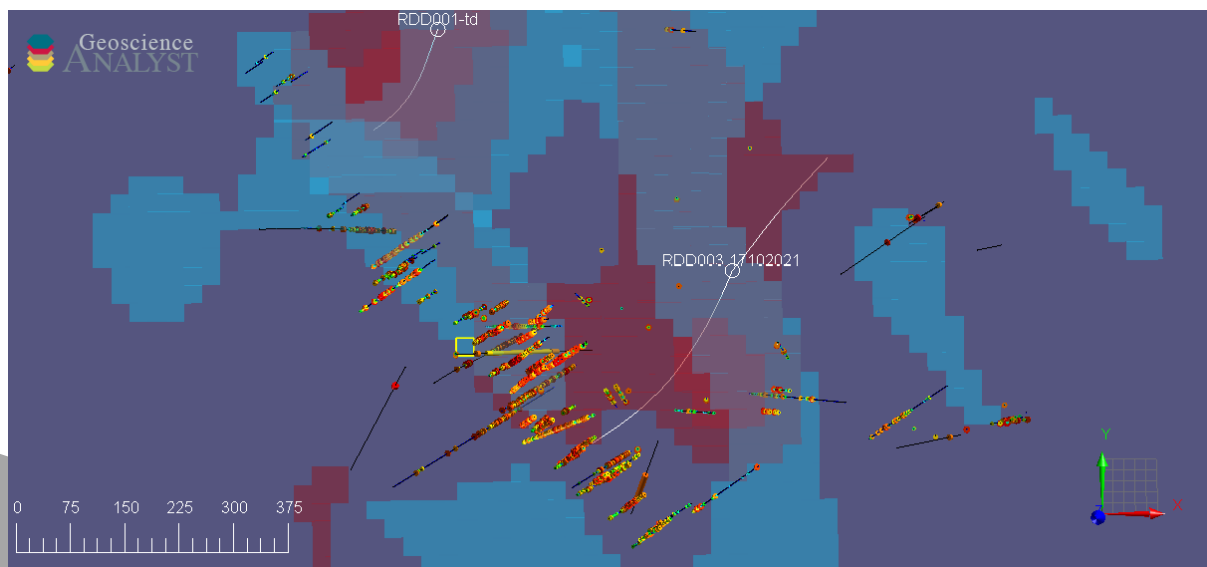


Figure 2 – Plan view of the three drillholes on the IP anomalies (red) (note RD002 and RDD 003 have the same collar location).

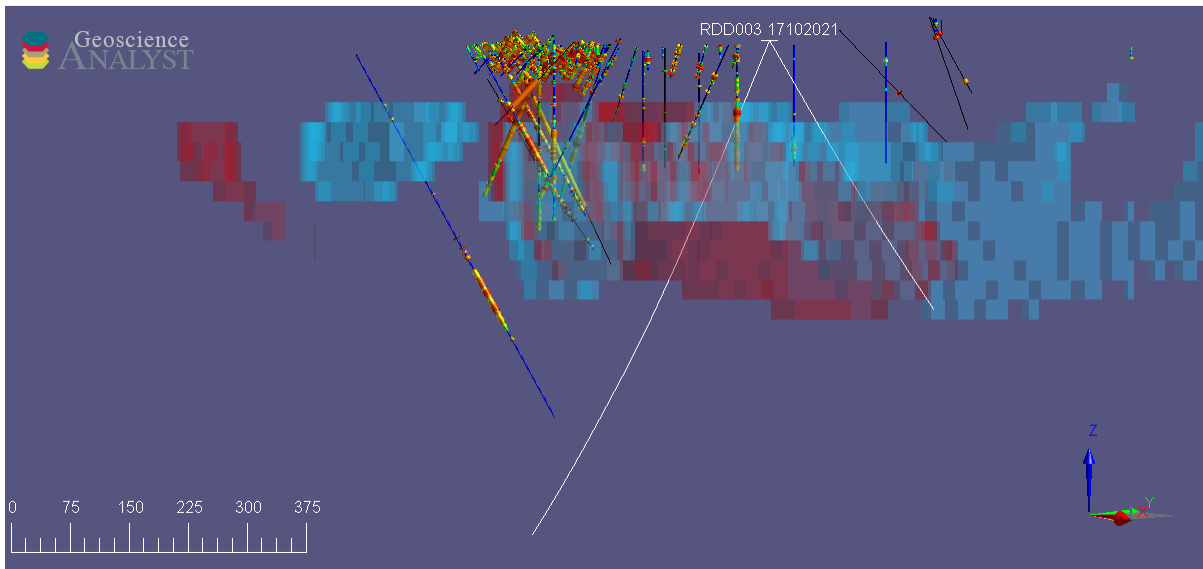


Figure 3 – Cross section showing drillholes RDD002 and RDD003 and the drilling associated with the oxide pit.

Tartana Copper Sulphate Project

A major project development during the September quarter was the employment of an experienced mineral processing professional (Mathew Hancock) to manage the refurbishment and later, restart of the heap leach – solvent extraction – crystallisation plant on the Tartana mining leases. Key elements of the role are:

- Understanding the process flow sheet and identifying the optimum products for the market
- Source cost estimates for the refurbishment and timeframe for implementation
- Firm up existing operating cost estimates and prioritise copper production sources
- Liaise with marketing groups to assess offtake opportunities
- Identify and recruit a competent workforce to implement the restart of operations.

As plant manager, Mat has engaged with several engineering firms and suppliers to establish refurbishment costs and timing with finalization of these estimates in November.

Bulimba, Beefwood and Bellevue Projects

The **Bulimba Project** covers six EPMS west of the Tartana mining leases and is subject to the Bulimba agreement with Newcrest Mining where:

- R3D agrees to spend a minimum of \$335,000 on exploration on the tenements to meet minimum expenditure commitments required for the Department of Resources
- At the completion of this expenditure, Newcrest Mining will transfer the tenement to R3D Resources at no cost
- If R3D discovers more than 1 million oz Au equivalent, Newcrest may elect to “claw back” 75% of the project by spending three times R3D Resources’ expenditure to-date
- Alternatively, Newcrest may earn a 1.5% to 2% NSR on future production by R3D with the rate depending on whether the head grade is above or below 1g/t Au Eq.

As advised to the ASX on the 28 October 2021, both Newcrest Mining and R3D have amended the agreement to allow the bulk of the expenditure to occur in 2022 given difficulties in R3D has experienced in commissioning a Helitem survey during 2021.

The **Beefwood Project** is subject to an option agreement with Three Rivers Prospecting Pty Ltd and Mr Michael Thompson with R3D Resources required to spend \$125,000 by the 31 March 2022 (R3D has already spent more than \$85,000) and to exercise the option by paying \$385,000 in R3D shares by 31 May 2022 at one-month VWAP share price. The vendors will also retain a 1% NSR royalty if the option is exercised.

The **Bellevue (Dry River) Project** is held 100% by R3D through its subsidiary, Motherlode Pty Ltd.

In July/August the Company completed a 2667-line kilometre Falcon Gravity/Magnetic survey covering all the Bellevue and Beefwood projects and part of the Bulimba tenements in the west of the Bulimba project area.

The survey was conducted earlier than expected when CGG Aviation Pty Ltd had an earlier window of availability. However, R3D was unable to fly the Helitem survey due to high demand for this service in the Paterson Province in WA and the Company has tentatively scheduled a Helitem survey on the eastern Bulimba tenements in 1H CY2022.

While the data is still being reviewed by the Company and the targets yet to be ranked in terms of priority, there are some preliminary findings which are highly encouraging as follows:

- The Beefwood target which has been outlined in the ASX announcement dated 3 August 2021 has been confirmed as a significant target.
- At Bellevue, gravity anomalies have been located to the southwest and west of the OK copper mine cluster and the Hobblechain, Windmill and Bellevue copper prospects respectively and may relate to haematitic alteration associated with the mineralisation.

R3D is continuing to review the interpretation of the geophysics in combination with the geology and historical exploration results to prioritise the targets and to plan cost effective follow up exploration programmes.

Cardross and Maid Mining Lease Applications and EPM 27735

The applications have progressed to the advertising period and native title and landowner negotiations representing the next stage in the process towards granting.

Dimbulah Copper Project

Compilation of historic exploration data including drilling is in progress.

Zeehan Low Grade Furnace Slag/Matte Shipments

The company exported 64,026 tonnes of slag to South Korea through the Burnie Port with the last shipment departing on the 3 October. Details of the shipments are summarised in Figure 4.

Shipment No.	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
7	01-Aug-21	M/V Sea Smile	20,000
8	05-Sep-21	M/V Gullholmen Island	22,020
9	03-Oct-21	M/V Maria	22,006

Figure 4 – Zeehan low grade furnace slag/matte shipments during the September quarter.

The Company has continued to focus on the application for the Stage 2 Permitting which will allow crushing and access to the Northern Stockpile. However, a higher proportion of oversize material in the Southern Stockpile has led to the Company applying for a bulk crushing trial to increase available material for future shipments.

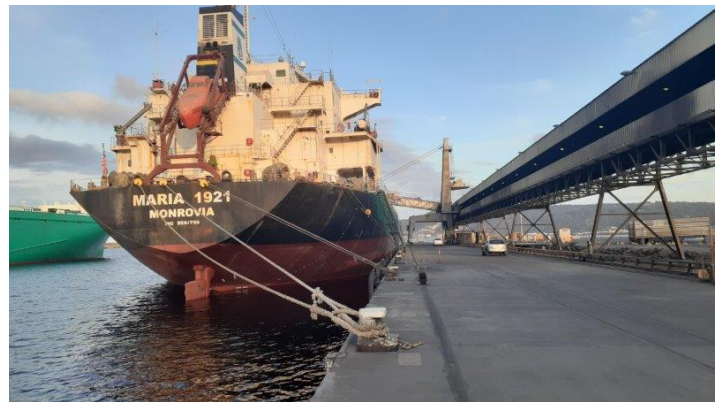


Figure 5 – Loading the Maria 1921 in late September.

Corporate

R3D Resources was re-admitted for ASX quotation on the 22 July 2021 after raising \$4.25 million and completing the acquisition of Tartana Resources Limited. On the 20 July 2021 the outstanding Tartana convertible notes were redeemed with principal and interest payments totalling \$519,562.

As at 30 September 2021 there were 110,495,630 shares on issue and 34,856,140 options (exercise price \$0.40 and expiry date 14 July 2026). During the quarter there were 75,533,698 shares issued following the takeover of Tartana Resources Limited, and 21,250,000 shares issued at \$0.20 under the 26 May 2021 Prospectus public offer, and 1,925,000 shares issued as consideration for the option to acquire the Beefwood Project.

Use of Funds

The table below outlines the use of funds as compared to the Company's Prospectus dated 26 May 2021:

	Prospectus	Quarter 1 2022	Total to Date
Exploration	2,750,000	776,947	776,947
Expenses of the Offer	265,000	275,111	275,111
Administration	800,000	194,164	194,164
Repayment of Convertible Notes ¹		527,616	527,616
Repayment of Other Loans		127,077	127,077
Prepayment on Service Contracts ²		165,000	165,000
General Working Capital ³	484,551	534,877	534,877
Brokerage	170,000	145,114	145,114

The key variances to the spending as outlined in the prospectus are:

¹ The repayment of Tartana Convertible Notes plus accrued interest and other loans from plus accrued interest clears the long-term debt inherited in the takeover of Tartana and strengthens R3D's balance sheet going forward.

² During the Offer period the Company entered into two marketing agreements with Market Index and Advisr

³ General working capital reflects the funding of the opening position of receivables due to Tartana and payables owing by Tartana that reflect timing differences between receipts from customers under the MCC contract and production related payments on the export zinc low-grade furnace slag/matte as part of the Zeehan project. R3D expects the export of slag matte to be cash flow positive in future quarters and will be applied to cover future general working capital and administration costs.

Additional Information Required under the Listing Rules

Information required under Listing Rule 5.31 – Exploration expenditure of \$539,000 (refer Appendix 5B) reported during the quarter primarily related to the Falcon magnetic/gravity surveys completed over Bellevue, parts of Bulimba and Beefwood projects and related follow up activities.

Information required under Listing Rule 5.31 – Production expenditure relating to Zeehan low grade furnace slag/matte shipments during the quarter totalled \$3,012,000 - refer Appendix 5B.

Information required under Listing Rules 6.1 and 6.2 – amounts paid Directors and former Directors totalled \$224,144 including fees owing to former Directors of R3D and Tartana (\$43,322) and both historic and fees for the current quarter to existing Directors of \$180,821 including amounts under the service contracts with Troppo Resources Pty Ltd, Bruce Hills Pty Limited and Warinco Services Pty Ltd. Additionally, \$7,000 was paid to Breakaway Research Pty Ltd and Bruce Hills Pty Ltd for office and bookkeeping services respectively.

For further information:

Stephen Bartrop
 Managing Director

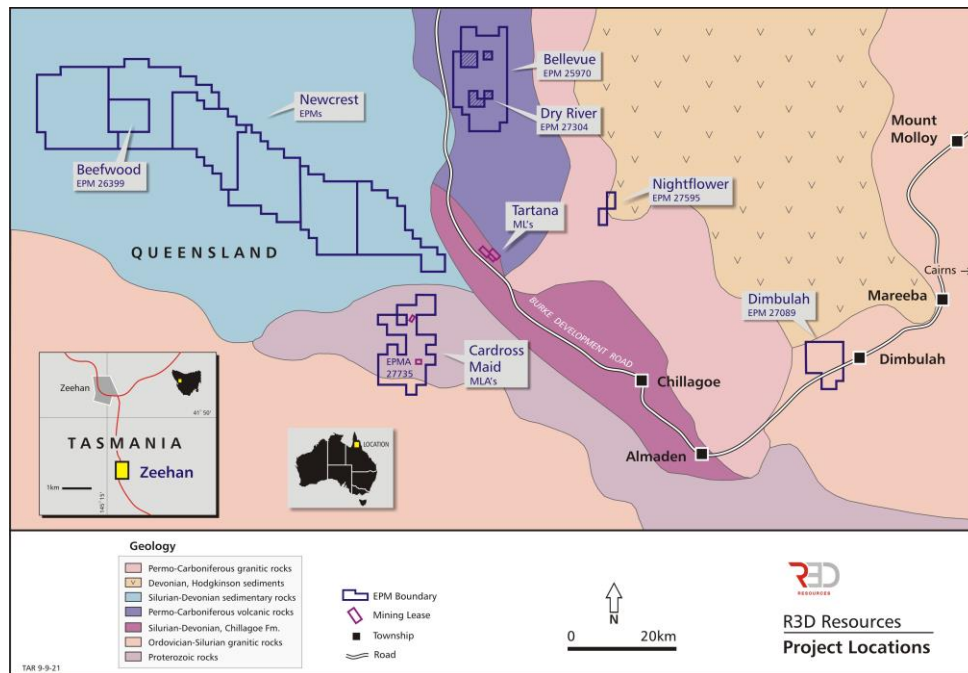
R3D Resources Limited

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This announcement has been approved by the Board of R3D Resources Limited.

About R3D Resources

In July 2021 R3D Resources Limited acquired Tartana Resources Limited, a significant copper-gold explorer and developer in the Chillagoe Region in North Queensland. The Company owns several projects of varying maturity, with the most advanced being the Tartana mining leases which contain an existing heap leach – solvent extraction – crystallisation plant. Work has commenced to restart this plant to provide future cash flow through the sale of copper sulphate. In Tasmania, Tartana has secured permitting to excavate and screen for export low-grade zinc furnace slag/matte from its Zeehan stockpiles in Western Tasmania and is shipping zinc slag to South Korea. These two projects have the potential to generate a cash flow to underpin the Company’s extensive exploration activities in the Chillagoe region.



Qualifying statement

The information in this Report that relates to Exploration Information is based on information compiled by Dr Stephen Bartrop who is a fellow of the Australian Institute of Geoscientists.

Dr Stephen Bartrop, Managing Director of R3D Resources, has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Stephen Bartrop is full-time personnel of R3D Resources and consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

Disclaimer Regarding Forward Looking Statements

This ASX announcement contains various forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

R3D Resources does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Table 2: Tenement information required under LR 5.3.3

Lease	Lease Name	Location	Ownership
Mother Lode Pty Ltd			
EPM25970	Dry River	90 km north of Chillagoe, Qld	100%
EPM27089	Dimbulah Copper	10 km west of Dimbulah Qld	100%
EPM27304	Bellevue Copper	90 km north of Chillagoe, Qld	100%
Chillagoe Exploration Pty Ltd			
EPM26530	Bulimba 3	Approx. 75 km NW Chillagoe Qld	Subject to Bulimba agreement with Newcrest Mining
EPM26532	Bulimba 4	Approx. 75 km NW Chillagoe Qld	
EPM26533	Bulimba 2	Approx. 75 km NW Chillagoe Qld	
EPM26738	Bulimba 5	Approx. 75 km NW Chillagoe Qld	
EPM26740	Bulimba 7	Approx. 75 km NW Chillagoe Qld	
EPM 26399	Beefwood	Approx. 75 km NW Chillagoe Qld	Subject to Option Agreement with Three Rivers Prospecting Pty Ltd and Mr Michael Thompson
Oldfield Exploration Pty Ltd			
EPM18864	Mount Hess	95 km southwest of Mackay, Qld	100%
EPM18865	Amber Creek	Approx. 35 km south of Chillagoe	100%
Tartana Resources Limited			
ML20489	Tartana Window	40 km north of Chillagoe Qld	100%
ML4819	Tartana North	40 km north of Chillagoe Qld	100%
ML4820	Tartana West	40 km north of Chillagoe Qld	100%
ML5312	Tartana Extended	40 km north of Chillagoe Qld	100%
Wayne Thomas Saunders			
EPM27595	Nightflower	30 km north of Chillagoe	Subject to Option Agreement with Tom Saunders
Intec Zeehan Residues			
3M/2017	Zeehan Zinc Project	2.5 km south of Zeehan Western Tas	100%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

R3D Resources Limited

ABN

53 111 398 040

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,526	2,526
1.2 Payments for		
(a) exploration & evaluation	(44)	(44)
(b) development		
(c) production	(3,012)	(3,012)
(d) staff costs	(238)	(238)
(e) administration and corporate costs	(118)	(118)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(28)	(28)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	6	6
1.9 Net cash from / (used in) operating activities	(908)	(908)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	(22)	(22)
	(c) property, plant and equipment	(76)	(76)
	(d) exploration & evaluation	(539)	(539)
	(e) investments		
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	291	291
2.6	Net cash from / (used in) investing activities	(346)	(346)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,250	4,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(598)	(598)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(631)	(631)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	3,020	3,020

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	51	51
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(908)	(908)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(346)	(346)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,020	3,020
4.5	Effect of movement in exchange rates on cash held	(23)	(23)
4.6	Cash and cash equivalents at end of period	1,794	1,794

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,794	1,794
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,794	1,794

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	
7.2	Credit standby arrangements	
7.3	Other (please specify)	
7.4	Total financing facilities	
7.5	Unused financing facilities available at quarter end	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1	(908)
8.2	(539)
8.3	1,447
8.4	1,794
8.5	1,794
8.6	1,794
8.7	1.24
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
<p>Answer: No – the net operating cash flow in the current quarter was impacted the opening position of receivables due to Tartana and payables owing by Tartana that reflect timing differences between receipts from customers under the MCC contract and production related payments on the export zinc low-grade furnace slag/matte as part of our Zeehan project. This negatively impacted the net operating cash by \$(486,000) in the current quarter but overall, the export of slag/matte to date has been cash flow positive and is expected to continue to be cash flow positive for future shipments. Staff costs and Administration and corporate costs include a number of payments associated with the cost of the takeover of Tartana and its opening creditor position (\$207,000). These are one off and will not impact future cash flows. If item 1.9 was adjusted for these one-off amounts then the estimated quarters of funding under 8.7 would be significantly higher.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes.

- As part of the refurbishment and restart of the heap leach – solvent extraction crystallisation plant the company is looking to obtain a combination of asset and offtake finance.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes:

- The Company has accelerated geophysical surveys over Beefwood, parts of Bulimba and the Bellevue projects during the quarter as well completing a 1,600 metre drilling campaign. With the approaching wet season, exploration activities are expected to decrease until after the wet season finishes in April 2022.
- The export of slag/matte from the Company's Zeehan Project is expected to be cash flow positive in future quarters and will contribute towards operating cash flow.
- The Company continues to progress the refurbishment and restart of the heap leach – solvent extraction – crystallisation plant on the Company's Tartana mining leases and the re-start date will be advised to ASX when the current studies conclude.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **29 October 2021**

Authorised by: **Authorised for release to the market by the R3D Resources Board of Directors**

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.