



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

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29 July 2021

Quarterly Report for Period Ended 30 June 2021 and Appendix 4C

Highlights

- R3D Resources re-instated to trading on 22 July 2021 after attaining 99.83% ownership of Tartana Resources Limited.
- Raised \$4.25 million before costs in the public offer.
- In Tartana's Mining Leases, drillhole planning has been carried out to test the porphyry copper target below and to the north of the open pit and planning is in progress with a contract driller to commence in August 2021.
- Also, at Tartana, work has continued on the restart of the heap leach – solvent extraction – crystallization plant to produce copper sulphate, including further test work on the existing heaps.
- R3D Resources has commissioned Xcalibur/CGG Aviation (Australia) Pty Ltd to conduct an airborne Falcon gravity survey over the western Bulimba project area and the Bellevue project areas.
- Tartana loaded its sixth (19,002 tonnes) export shipment of Zeehan zinc low grade furnace slag/matte to South Korea at the end of the quarter with the ship departing on 2 July 2021. The next shipment is scheduled to commence loading on the 31 July 2021.

On 12 July 2021 R3D Resources announced that \$4.25 million, before costs, had been raised in the public offer, that its ownership of Tartana Resources Limited had reached 99.83%, that the takeover offer was unconditional and would close on 31 July 2021. R3D Resources re-commenced trading on the ASX on the 22 July 2021 under the ASX Code R3D. On receipt of ASX advice of re-instatement, the Company was then able to complete the acquisition of Tartana Resources Limited, with the remaining 0.17% subject to compulsory acquisition to be finalised in August 2021.

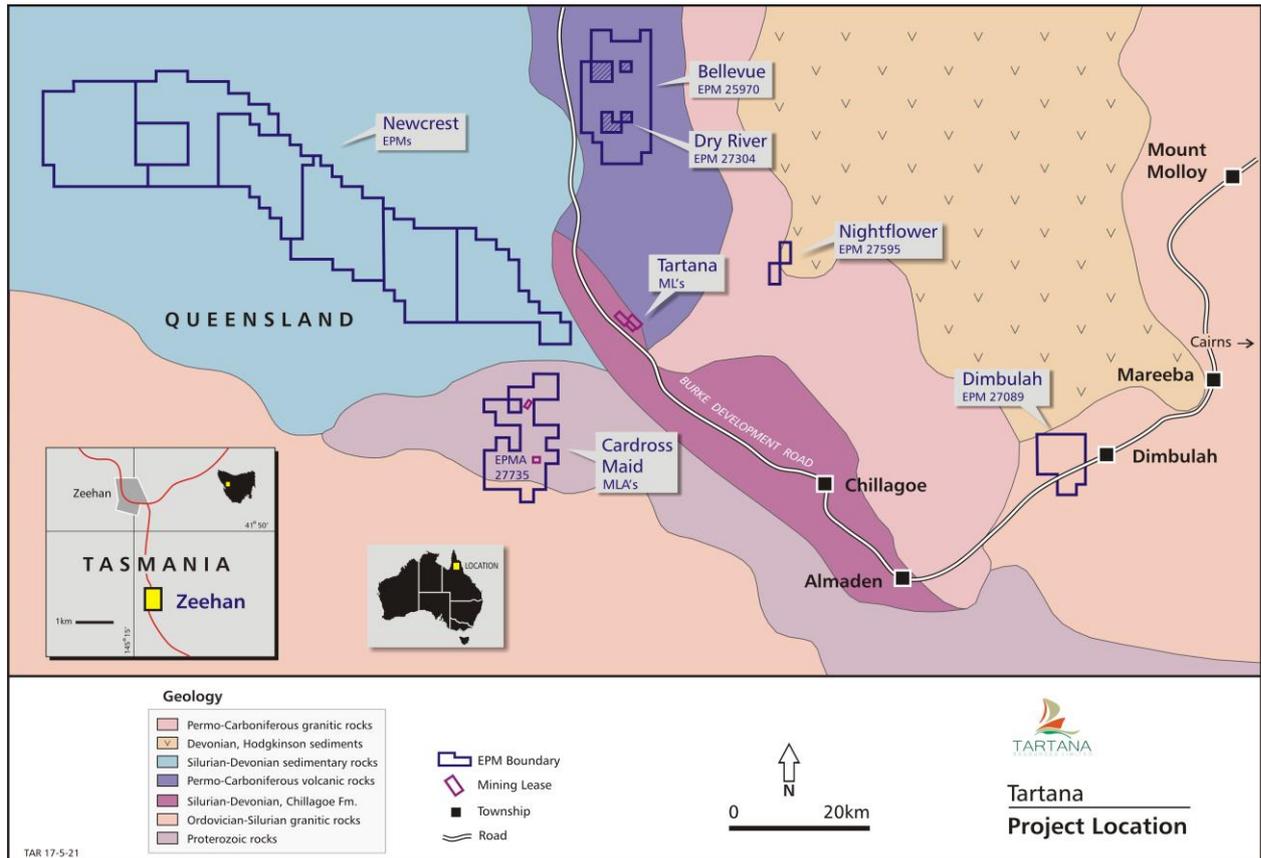
Following the merger with Tartana Resources Limited, R3D Resources Limited (R3D Resources or the Company) has become a copper-gold explorer and developer in the Chillagoe Region in North Queensland with a prospective copper/gold tenement package in this region. During the quarter the Company's acquisition target Tartana Resources Limited undertook the activities detailed below.

During the quarter, the Company:

- Lodged a Prospectus with ASIC on 26 May 2021;
- Appointed Sanlam Private Wealth as Lead Manager for the Prospectus Offer;
- Raised \$4.25 million, before costs, and attained the required shareholder spread under the ASX Listing Rules.

The capital raising, along with the re-admission to the ASX, presents a major milestone for R3D Resources as it can step up activities on its various projects which offer a balance between short term production potential to large scale greenfield targets in the prospective Chillagoe region, where the Company has one of the dominant tenure positions.

The Company's Project Areas



Tartana owns several projects of varying maturity, shown in the map above 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.

Tartana also has:

- secured an agreement with Newcrest Mining Limited where it can acquire six tenements covering more than 1,250 km²;
- the Bellevue/Dry River tenements which will host more than 10 copper/gold targets requiring drill testing;
- the recent application over the OK Copper Mine which recorded small scale historical production of 80,000 tonnes at 9.2% Cu but with mineralisation open in all directions; and
- The Dimbulah Porphyry Copper Project, a project with many shallow areas of mineralisation, but which will require careful geological assessment to define the target.

Tartana has also applied for two mining leases, being:

- Mountain Maid gold deposit where in December 2010 Axiom Mining reported a JORC Code 2004 compliant Inferred gold Resource. This resource has been downgraded to an Exploration Target but work will be carried out with the aim to upgrade and extend this Exploration Target to a JORC 2012 compliant resource.
- The Cardross Copper/Gold project previously recorded small scale historical production of 24,000 tonnes at 8.4% Cu, 2.9 g/t Au and 113 g/t Ag (Axiom 2006). Tartana is targeting the Cardross mineralisation as a potential plant feed supporting the re-establishment of its Tartana operation, which is located 35 kilometres by road to the east.

Project Updates – Tartana Mining Leases

The Tartana Mining leases are approximately 40 kilometres north-west of Chillagoe and contains a heap leach – solvent extraction – crystallization plant which has been held in care and maintenance since closure in 2014.

Copper for the heap leach was sourced from an open pit mine on the leases which mined the oxidized upper portion of a porphyry copper orebody. Historical drilling demonstrates that the mineralisation continues below the open pit. The previous owners mined approximately 1.2 million tonnes at 0.8% Cu to provide the bulk of the feed to the copper sulphate plant (reference: SRK IGR in the Prospectus dated 26th May 2021).

Tartana Copper Exploration Target

As reported in the Prospectus, the Independent Geologist, SRK Consulting, estimated the following exploration targets (refer to the Company’s Prospectus dated 26 May 2021 on page 18 of the SRK report).

Copper Sulphide Open Pit Exploration Targets*	Tonnage		Copper Grade		Contained Copper	
	Low (Mt)	High (Mt)	Low	High	Low (t)	High (t)
Below existing open pit	7.3	20.0	0.60%	0.80%	44,000	161,000
Valentino Prospect	3.9	27.0	0.60%	0.80%	20,000	215,000
Total	11.2	47.0	0.60%	0.80%	64,000	376,000

Table 1. Tartana Copper Exploration Targets. *Note that the potential quantity and grade is conceptual in nature, and there has been insufficient exploration to estimate a Minerals Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource (JORC 2012 Tables 1 & 2 are available in the Prospectus dated 26 May 2021 and available at www.R3DResources.com.au)

The Exploration targets above have been based on both historical IP and Resistivity surveys (Figure 1) as well as historical mining activities and drilling.

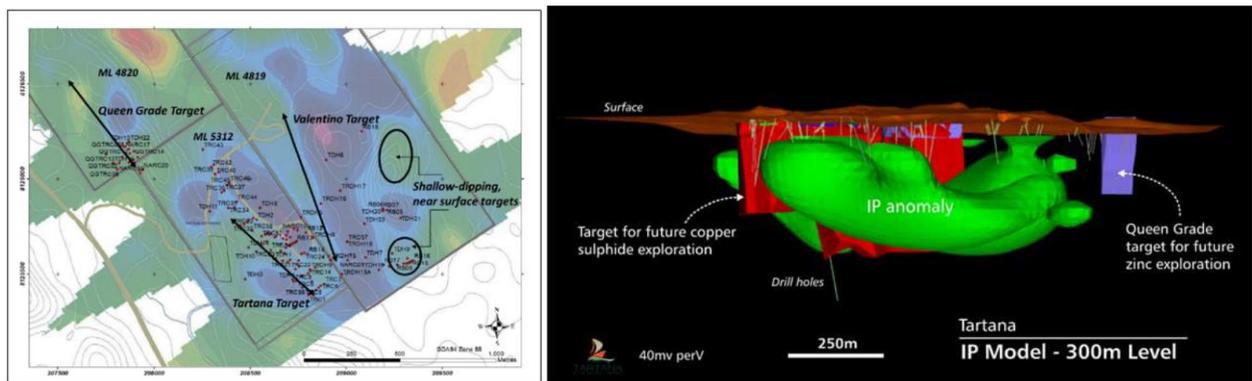


Figure 1. Resistivity survey (plan view) and three-dimensional model of the IP (source: Prospectus dated 26 May 2021)

During the quarter Tartana has been designing several deeper drillholes to test the exploration target and has also been in discussions with a contract driller prepared to provide a scout drilling rig to test the exploration target commencing in August 2021.

The intensity of veining and sericite alteration appears to increase with depth and to the north of the open pit from historical drilling records and the Company believes it is a high priority target.

Copper Sulphate Project

Prior to 2014 the Plant produced and sold copper sulphate for approximately a decade. The plant has a reported capacity up to 9,500 tonnes per annum, although the Company understands that higher quality copper sulphate was produced at a lower (6,000 to 7,000 tpa) production rate. Copper sulphate is approximately 25% copper and generally sells at the LME copper price plus a premium, the product has a number of commercial uses including sale to mining operations as reagent as well as into the stock feed industry as a feed supplement.

During the quarter Tartana has continued to progress work on restarting the project and the Plant with work to-date including:

- Preliminary costings for engineering work on the plant refurbishment.
- Detailed costing for electrical refurbishment.
- Investigations into the sourcing of reagents including acid and storage and testing of organics remaining on site.
- Estimation of a JORC 2012 compliant inferred resource based on the supergene mineralisation remaining in the base of the pit.
- Testing of both copper levels in the ponds and in the heaps on the leach pads.
- Flowsheet development work by Core Metallurgy Pty Ltd.
- Discussion with a marketing group interested in facilitating the copper sulphate sales and potentially financing part of the refurbishment programme.
- Discussions with the Queensland Department of Resources on the integration of the Cardross Copper Project (subject to a mining lease application by the Company) and the Tartana copper sulphate project as a future ore source.

The Company's focus in the September 2021 quarter is to:

- identify an appropriate project manager;
- design a shallow drilling programme to upgrade the supergene resource and test potential oxide mineralisation identified in historical drilling north of the pit.

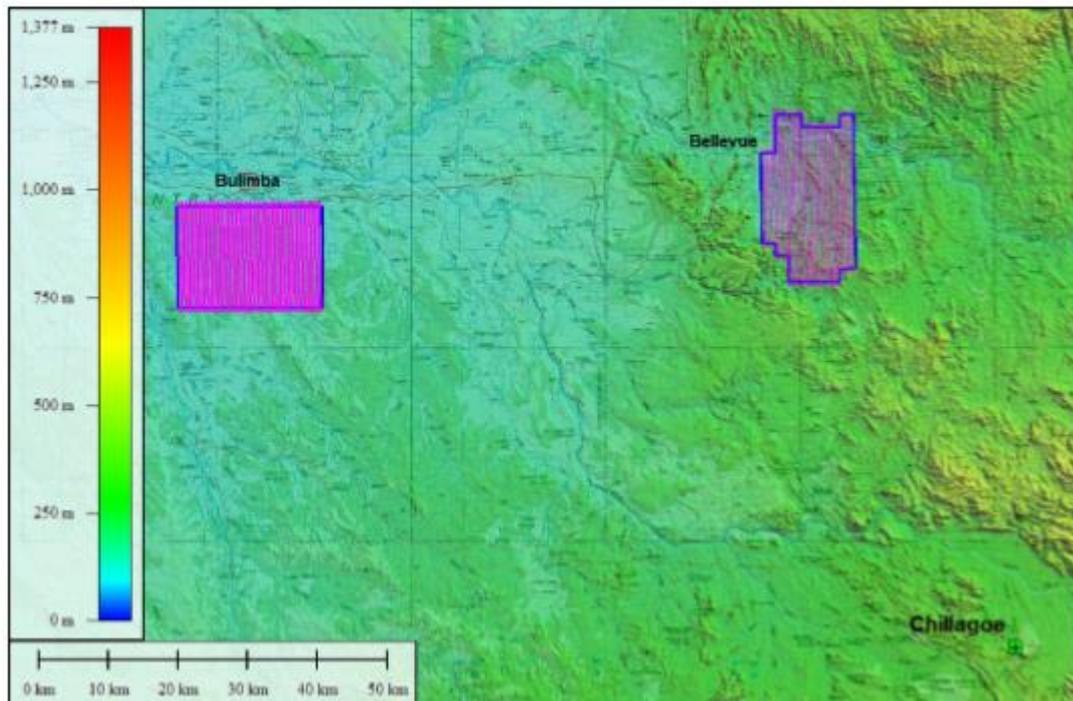
This will provide a basis for the integration planning with Cardross in terms of potential future ore sources.



Figure 2. Heap leach pads and part of the plant with ponds in the background.

Falcon Gravity Survey

The Company has commissioned Xcalibur/CGG Aviation (Australia) Pty Ltd to fly a Falcon Gravity Survey over the western Bulimba tenements as well as the Bellevue/Dry River tenements. The Bulimba portion will involve 1,574 line kilometres and the Bellevue project will involve 716 line kilometres for a total contract of 2,290 kilometres.



The Bulimba Project is subject to the Bulimba Agreement with Newcrest Mining and covers a package of tenements covering a 1,250km² area.

The Bellevue project has more than 10 separate copper prospects including the Ok mine and gravity is intended to assist in prioritising these targets.

Zeehan zinc low grade furnace slag/matte shipments

During the quarter, Tartana exported almost to 60,000 tonnes of zinc low grade furnace slag/matte to South Korea through the Burnie Port in Northern Tasmania.

Shipment No.	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
4	09-May-21	M/V Zephyr Venture	21,930
5	08-Jun-21	M/V Arcadia	19,007
6	02-Jul-21	TS Flower	19,002

Table 2. Zeehan zinc low grade furnace slag/matte exports during the quarter.



Figure 2. Shiploading the TS Flower at Burnie Port

Cardross and Maid Mining Lease Applications

During the quarter, GHD Group Pty Ltd prepared and submitted standard applications for environmental authorities for both Cardross and Maid mining lease applications on behalf of the Company.

Nightflower Silver Project

Compilation of historical drillhole information progressed during the quarter and drillhole designs for a drilling programme are nearing completion.

Dimbulah Copper Project

A reconnaissance site visit was conducted during the quarter.

Finance

During the quarter operational activities and associated costs were limited. The main focus was on the execution of the Implementation Deed with Tartana Resources Limited. To assist in the funding of these activities the Company entered into a loan facility from Tartana Resources Limited totalling \$175,000. Costs associated with Implementation Deed included the legal, consulting and regulatory costs associated with the successful takeover of Tartana Resources Limited, the successful public offer to raise \$4.25 million and the successful application for re-instatement to trading on ASX.

For further information:

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

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

R3D Resources Limited

ABN

53 111 398 040

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5	295
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(8)	(102)
(f) administration and corporate costs	(180)	(849)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	3
1.8 Other (provide details if material)		
- legal costs	-	(29)
1.9 Net cash from / (used in) operating activities	(183)	(682)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	1	70
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	1	70

3. Cash flows from financing activities		
-3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5 Proceeds from borrowings	175	625
3.6 Repayment of borrowings	-	(62)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(50)	(28)
3.10 Net cash from / (used in) financing activities	125	535

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	108	131
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(183)	(682)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	1	70

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	125	535
4.5	Effect of movement in exchange rates on cash held	-	(3)
4.6	Cash and cash equivalents at end of period	51	51

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	51	108
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)	51	108

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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	625	625
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	625	625
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.		
<p>Loan Agreement with Yaputri Pte Ltd. Principal outstanding \$450,000; Interest rate: 10%; Maturity Date: 22 August 2023; Unsecured.</p> <p>Loan Agreement with Tartana Resources Limited. Principal outstanding \$175,000; Interest rate: Australian Reserve Bank published rate; Maturity date: 31 March 2022; Unsecured</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(183)
8.2 Cash and cash equivalents at quarter end (item 4.6)	51
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	51
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	<1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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: Expenditure levels will increase in line with projected expenditures set out in the Company's Prospectus dated 26 May 2021.</p>	
8.6.2 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?	
<p>Answer: The Company's has successfully raised \$4,250,000 before costs under the Prospectus dated 26 May 2021. In addition, the takeover by Company for the shares and options in Tartana Resources Limited under the Implementation Deed dated 3 December 2020, went unconditional on 12 July 2021 and the Company at the date of this report, R3D has acquired a 99.83% shareholding in Tartana Resources and is proceeding towards compulsory acquisition of the balance. Shares from the Offer were issued on 14 July 2021 and will be reflected in the September 2021 Quarterly Cash Flow Report (Appendix 5B).</p>	

8.6.3 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, refer above

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 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 July 2021**

Authorised by: **Authorised for release to the market by the R3D Resources Board of Directors.**
(Name of body or officer authorising release – see note 4)

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 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 standard applies 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.