



ASX RELEASE (31 JANUARY 2023)

## Quarterly Activities Report for Q2 FY23 and Appendix 5B

### Highlights:

- \$2.6 million receipts from customers in Q2 FY23 – predominantly driven by near 300% cash margin increase achieved on Zeehan zinc slag exports;
- 100% three year Copper Sulphate offtake secured during Q2 FY23 with first production now targeted within Q3 FY23;
- Exploration projects advancing well, with resource upgrades and new estimations in progress;
  - o Drilling on Tartana copper mineralisation returned 77 m at 0.62% Cu;
  - o Resource upgrade beyond the inferred 10,827 tonne Cu resource reported in September 2022 in progress;
  - o Resource estimations at Queen Grade (Zinc) and Mountain Maid (Gold) nearing completion;
  - o Priority key targets identified within the Beefwood project with future exploration targeted for Q4 FY23;
- \$1.5 million convertible note funding secured with a \$0.15 fixed conversion price with \$1m drawn in January 2023

R3D Resources Limited (ASX: **R3D**) (the **Company**), reports its activities for the quarter ended 31 December 2022 (**Q2 FY23**) and provides the corresponding Appendix 5B.

### \$2.6 million cash receipts

R3D received \$2.6 million in cash receipts from customers during Q2 FY23 driven predominantly by significant cash margin increases from its Zeehan Zinc slag exports to over A\$15 per tonne (ASX Ann: 5 December 2022) across a total ~40,000 tonnes of low grade furnace slag/matte material shipped.

Zeehan shipments will continue over 2H FY23, with the next shipment having commenced loading on 26 January 2023. The Company is seeking to identify further cost reductions, including across transport and diesel costs, which will negate the impact of any future negative forex impacts.

### Offtake Secured & Copper Sulphate Production Progress

During Q2 FY23, the Company secured a significant 100% offtake agreement for its Copper Sulphate production with Kanins International, a major international supplier of metallic salts.

Pursuant to the offtake agreement, Kanins will purchase 100% of the Company's technical grade Copper Sulphate over the first three years of production, with pricing to be determined by reference to the LME Copper price at the time of sale, with the value of the Copper Sulphate being its Copper content plus a premium ex works Chillagoe.

The agreement includes a transition phase to allow for plant commissioning and initial production ramp up and the integration of the R3D product into the Australian market as well as the optimisation of product quality.

With the recent weather events during the heavier than expected wet season limiting site access, the Company remains confident that production may commence within Q3 FY23.

Most key items including the control panel and replacement tanks have been transported to Cairns and Mareeba in storage and have been awaiting transportation to the site which is expected to occur in the next few days. Control panel installation, electrical fit out, tank replacement and associated plumbing will occur as soon as possible with the plant refurbishment having been delayed by approximately 4-5 weeks due to holidays and wet season.

#### Tartana Primary Copper Mineralisation Drilling

In April/May 2022 the Company completed a 28-hole (1,620m) RC drilling campaign in the northern end of the Tartana open pit with the initial assay results announced to the ASX on the 30 August 2022. This announcement noted that individual 1 metre sample assays graded up to 5.21% Cu and 94 g/t Ag (32 – 33 m depth in TR082) while the overall best interval was 39 m at 0.71% Cu from 21 m to 60 m (TR063) and 13 m at 1.71 % Cu from 43 m – 56 m depth. Most of the mineralisation was found to be primary (chalcopyrite) mineralisation.

Bluespoint Mining Services Pty Ltd (BMS) subsequently completed a Mineral Resource Estimation (MRE) based on the results of the shallow drilling programme to a maximum of 40 m below the pit floor. At a 0.2% Cu cut-off grade, the total inferred and indicated resource was estimated at 1.93 Mt @ 0.56% Cu for 10,827 tonnes of contained copper (See ASX Announcement dated 21 September 2022).

The Company has commissioned BMS to extend this resource estimation to approximately 100 metres depth and as consequence, it has drilled three strategically located RC holes to depths between 100 and 150 metres to supplement historical drillhole data. The three drillholes (TRC098, TRC099 and TRC 101) reported encouraging intersections which supports the expectation that mineralisation continues to significant depths (see Table 1 and Figure 1).

Drillhole (RC)	From (m)	To (m)	Interval (m)	Average Copper Grade	Comments
TRC098	0	14	14	0.13%	Potential backfill
	14	91	77	0.62%	
	31	53	22	0.83%	
	14	17	3	1.01%	
TRC099	0	150	150	0.38%	
	58	79	21	0.76%	
	138	149	11	0.65%	
TRC101	0	100	100	0.22%	
	67	80	13	0.59%	

Table 1. Primary copper drilling below the Tartana open pit. (See ASX announcement dated 4 January 2023)

#### Tartana Northern Oxide Copper Mineralisation Drilling

During the quarter the Company completed RC drilling to test the Northern oxide zone – an area immediately north of the open pit (see Figure 1). The intersections are listed in Table 2 with the shallower intersections potentially representing oxide copper zones although metallurgical testwork has yet to be carried out. Encouragingly there are also some notable deeper copper intersections which potentially represent primary copper mineralisation and which may represent primary copper mineralisation extending north of the open pit.

Drillhole (RC)	From (m)	To (m)	Interval (m)	Average Copper Grade	Comments
TRC088	0	15	15	0.28%	Potential Oxide
	23	35	12	0.68%	
	29	35	6	0.99%	
	49	57	8	0.35%	
TRC090	52	59	7	0.31%	
TRC091	34	60	26	0.28%	
	44	50	6	0.44%	
TRC092	0	12	12	0.35%	Potential Oxide
	41	53	12	0.84%	
	41	60	19	0.62%	
TRC093	26	30	4	0.80%	
TRC093	42	49	7	0.53%	
TRC096	28	39	11	0.53%	

Table 2. Northern oxide drilling results. (See ASX announcement dated 4 January 2023)

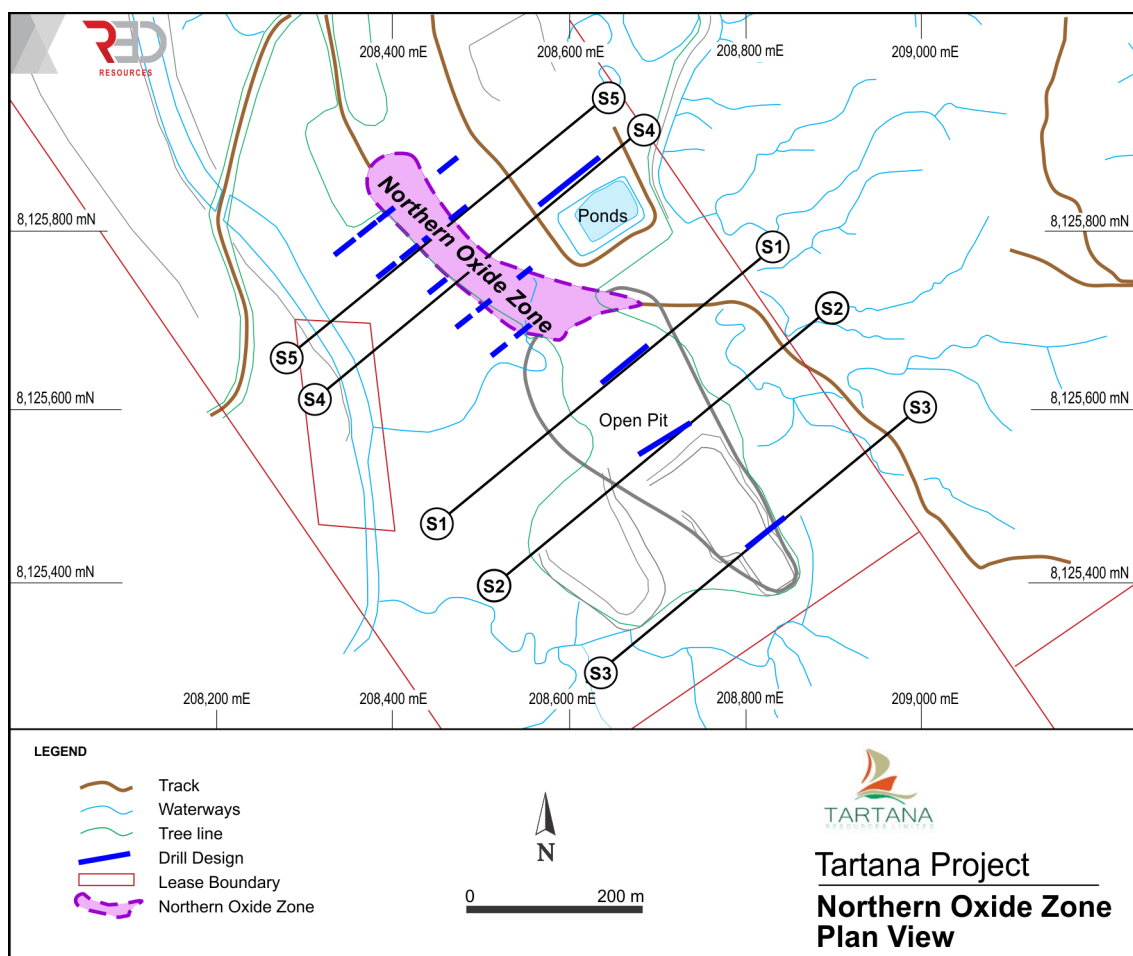


Figure 1. Plan of Northern oxide drilling section lines and the three primary in pit drillholes (See ASX announcement dated 4 January 2023).

#### Tartana Queen Grade Zinc Mineralisation

A maiden mineral resource estimate is being prepared for the Queen Grade zinc project within the Tartana mining leases. This will incorporate drilling completed in 2022 as well as historical drilling data and is expected to be reported in February 2023.

#### Mountain Maid Gold and Cardross Copper/gold Projects

Both mining lease applications have progressed to native title negotiation stage.

At Mountain Maid, an JORC 2012 mineral resource estimate statement is being finalised and is expected to be released to the ASX in early February 2023. It identifies higher grade zones associated with a monzonite intrusion and which creates potential for the discovery of additional mineralisation to the east and west of the defined deposit. The overlying shallow oxide mineralisation is also being evaluated for heap leach processing. The primary mineralisation has potential for upgrading by ore sorting technology and the sourcing of samples for this test work is being investigated.

At Cardross the interpretation of mineralised trends with cross cutting felsic dykes is being investigated using recently acquired geophysics.

Dimbulah Porphyry Copper

A site visit to inspect previously documented copper mineralisation at surface and historical drill sites was conducted in early January 2023. Encouragingly, the host rock which is a decomposed granite/rhyolite appears to have traces of malachite within the rock rather than malachite mineralisation which reflects remobilised copper on fractures and joints. Overall, there is a significant spread of malachite mineralised rocks across large surface areas and the focus is to now prioritise drilling targets.

Beefwood/Bulimba Exploration Target Review

During the quarter the Company reviewed the key exploration target ranking across the Beefwood and Bulimba project areas with an outcome that the priority targets were found to be largely confined to the Beefwood project area (EPM 26399).

The Bulimba project was subject to the Bulimba agreement with Newcrest Mining Limited. As consequence of the review, it was decided to allow the Bulimba agreement to lapse in November 2022 (see ASX announcement dated 6 January 2023).

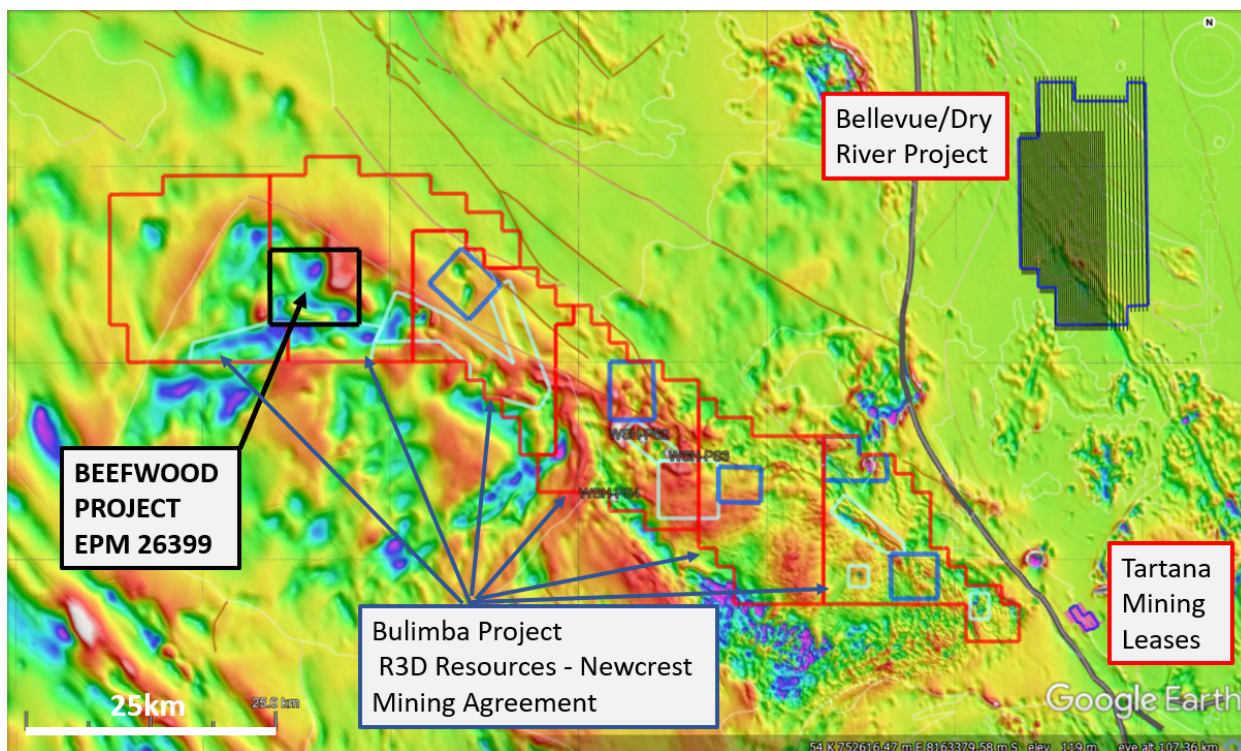


Figure 2. Location of the Beefwood and the original Newcrest Mining tenements which formed the Bulimba agreement which has been allowed to lapse (See ASX announcement dated 6 January 2023).

The outcome is positive for the Company as we will now focus on key 'drill ready' targets such as drilling the target in the middle of Beefwood (EPM 26399). This target is defined by surface geochemical anomalies including visible gold from pisoliths (up to 282g/t Au) and which is supported by geophysical features from the Falcon geophysical survey flown by R3D in 2021.



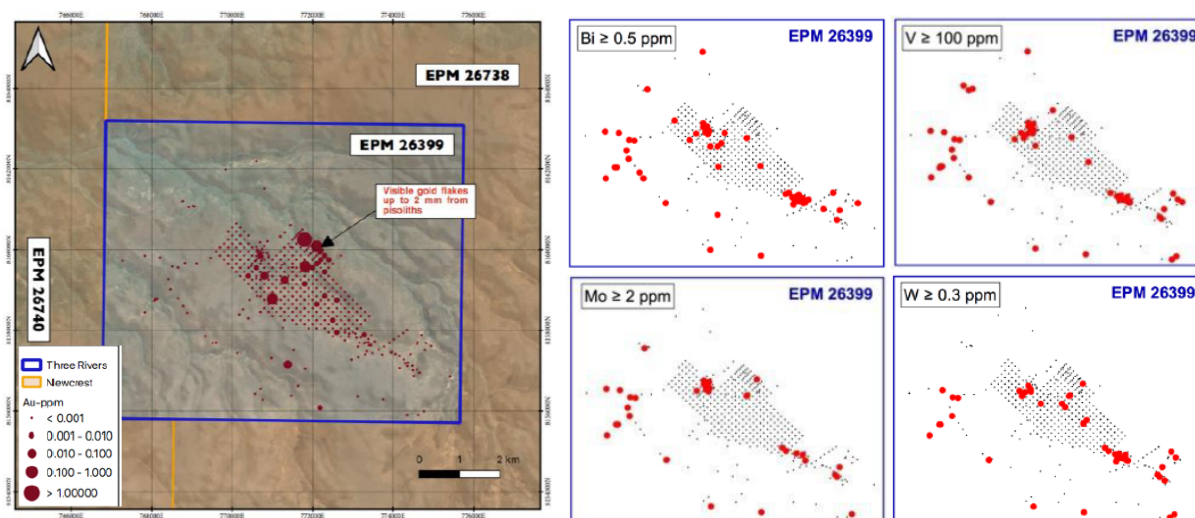


Figure 5. Soil Geochem Survey with anomalous path finder elements including gold. (Source: TRP).

### Mt Hess and Amber Creek Tenement Expiries

The Company has decided not to renew the Mt Hess EPMs 18864 (2 subblocks) and 19252 (1 Subblock) which represents a legacy project which was subject to a geological review which downgraded its prospectivity to discover a large copper resource. The small Amber Creek project (EPM 18865) was not renewed and allowed to expire under the same rationale.

### Zeehan Low Grade Furnace Slag/Matte Exports

During the quarter the Company exported approximately 40,000 tonnes of low grade furnace slag/matte from its Zeehan stockpiles and through the Burnie Port. Details of the shipments are outlined in Table 3 below.

Shipment No.	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
16	29-Oct-22	M/V Eibe Oldendorff	19,847
17	08-Dec-22	M/V Ken Breeze	20,026

Table 3. Low grade furnace slag/matte shipments during the quarter.

### Corporate & Financing

During Q3 FY23, the Company completed a placement to its directors at \$0.10 per share following shareholder approval, to raise a total \$330,000 in December 2022. The Chairman, Jihad Malaeb, additionally provided a \$500,000 loan which was restructured into a Convertible Note following shareholder approval during the quarter. Mr Malaeb's convertible note has a fixed conversion price of \$0.15 per share (ASX Ann: 23 December 2022).

The Company has also secured a further \$1.5 million in convertible note funding, with the first \$1 million drawn in January 2023, and the balance \$500,000 being available to draw between 15 March and 15 June 2023 (ASX Ann: 16 December 2023).

The Company's cash on hand as at 31 December 2022 was ~\$436,000, and has since been supplemented by the \$1 million convertible note drawdown (before costs).

Separately, the Company notes it also has a legacy loan agreement with Yaputri Pty Ltd which was due to be repaid in February 2023. The Company is in advanced negotiations with the lender and expects that facility will be refinanced with the lender for a further period on terms similar to the recent convertible note provided by the Chairman, Mr Malaeb.

The Company also advises that during Q2 FY23 it has agreed with each of Managing Director Stephen Bartrop, and Executive Director Bruce Hills, to a reduction of their professional fees as directors as part of a broader cost reduction programme. From November 2022, Mr Bartrop is entitled to remuneration totalling ~\$217,000 per annum (a reduction of ~20%) and Mr Hills is now entitled to remuneration totalling ~\$160,000 per annum (a reduction of ~28%). These services fees will be reviewed by the Board again over the course of this quarter. The Company expects that these reductions, and other cost reduction activities should see the Company's corporate cost base minimise further in future quarters.

### Use of Funds

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

	Prospectus	Quarter 2 2023 <sup>4</sup>	Total to Date
Exploration	2,750,000	942,970	4,649,985
Expenses of the Offer	265,000	0	275,111
Administration	800,000	440,951	1,826,831
Repayment of Convertible Notes <sup>1</sup>		0	527,616
Repayment of Other Loans		0	207,261
Prepayment on Service Contracts <sup>2</sup>		0	165,000
General Working Capital <sup>3</sup>	484,551	835,542	316,685
Brokerage	170,000	0	145,114

During the quarter ending 30 June 2022 R3D spent the funds raised in 2021 via the Company's Prospectus dated 26 May 2021 and prior to listing on the ASX on the 22 July 2021. The activities since the September 2022 quarter activities have been financed from the 2022 Rights Issue and Placement via the Prospectus dated 19 April 2022 and the Director loan dated 19 October 2022.

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

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

<sup>2</sup> During the Offer period the Company entered into two marketing agreements with Market Index and Advisir

<sup>3</sup> General working capital reflects the funding of the opening position of receivables due to Tartana and payables owing by Tartana and it also reflects 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 and GST refunds primarily comprising the GST on purchases against GST free export sales.

<sup>4</sup> Expenditure for the quarter doesn't include the costs associated with the 2022 Rights Issue and Placement via the Prospectus dated 19 April 2022

Additional Information Required under the Listing Rules

Information required under Listing Rule 5.31 – Exploration expenditure of \$173,000 (refer Appendix 5B) reported during the quarter primarily related to remaining costs of the drilling programmes announced on 1 July 2022 to test the Tartana copper and zinc targets and the new drilling programme announced on 21 October to test the Tartana northern oxide zone.

Information required under Listing Rule 5.31 – Production expenditure relating to Zeehan low grade furnace slag/matte shipments during the quarter totalled \$1,976,000 (refer appendix 5B).

Information required under Listing Rules 6.1 and 6.2 – amounts paid to related parties and their associates totalled \$241,650. This includes amounts paid under the service contracts with Troppo Resources Pty Ltd and Bruce Hills Pty Limited, under the employment contract with Scott Jones, the Chief Operating Officer and amounts paid for Directors fees and consulting services to Michael Thirnbeck and Jihad Malaeb. Additionally, \$14,797 was paid to Breakaway Research Pty Ltd and Bruce Hills Pty Ltd for office and bookkeeping services respectively. The Company notes that the cost reduction activities disclosed above should result in a further reduction of these costs in future periods.

- ENDS -

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

Further Information:

**Stephen Bartrop**

Managing Director

**R3D Resources Limited**

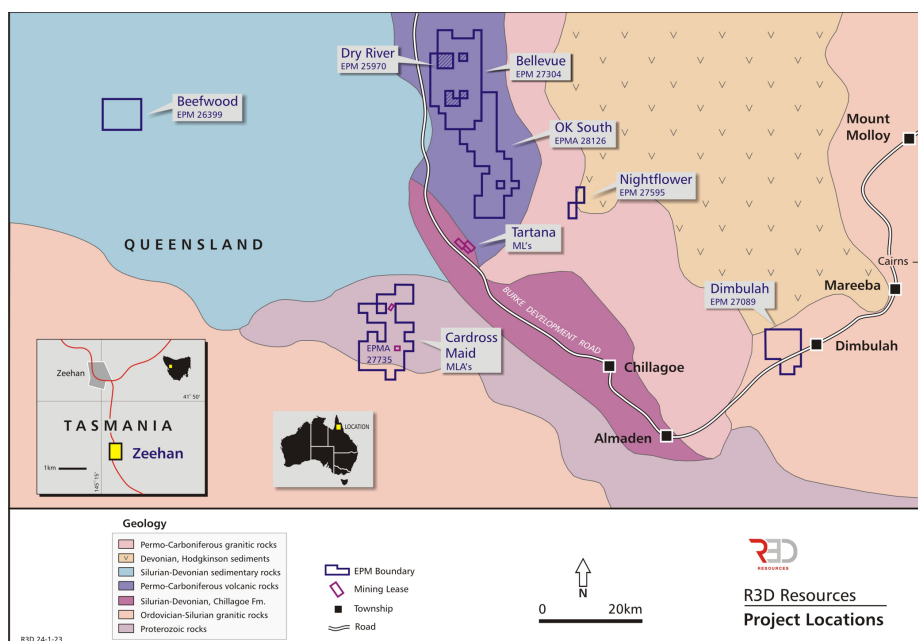
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**About R3D Resources Limited**

R3D Resources is a significant copper-gold explorer and developer in the Chillagoe Region in Far North Queensland. R3D 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, screen and crush low-grade zinc furnace slag/matte from its Zeehan stockpiles in Western Tasmania and has been shipping zinc slag to South Korea. These two projects have the potential to generate a strong cash flow to underpin the R3D's extensive exploration activities in the Chillagoe region.





### Competent Person's 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
<b>Mother Lode Pty Ltd</b>			
EPM25970	Dry River	90 km north of Chillagoe, Qld	100%
EPM27089	Dimbulah Copper	10 km west of Dimbulah Qld	100%
EPMA27220	Emuford	20 km SE of Petford Qld	100%
EPM27304	Bellevue Copper	90 km north of Chillagoe, Qld	100%
EPMA28126	OK South	50 km NNW of Chillagoe, Qld	100%
<b>Chillagoe Exploration Pty Ltd</b>			
EPM 26399	Beefwood	Approx 75 km NW Chillagoe Qld	Transfer documentation lodged and awaiting transfer
<b>Oldfield Exploration Pty Ltd</b>			
EPM27595	Nightflower	30 km north of Chillagoe	Transfer documentation being lodged and awaiting transfer
<b>Tartana Resources Limited</b>			
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%
<b>Riverside Exploration (QLD) Pty Ltd</b>			
EPM27735	Maid	45 km west of Chillagoe	100%
MLA100270	Maid	44 km west of Chillagoe	100%
MLA100271	Cardross	45 km WNW of Chillagoe	100%
<b>Intec Zeehan Residues</b>			
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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,636	3,360
1.2 Payments for		
(a) exploration & evaluation	(176)	(253)
(b) development	(184)	(281)
(c) production	(1,976)	(2,542)
(d) staff costs	(396)	(727)
(e) administration and corporate costs	(139)	(314)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	8
1.5 Interest and other costs of finance paid	(25)	(25)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	176	338
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(84)</b>	<b>(436)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(2)	(3)
(c) property, plant and equipment	(289)	(552)
(d) exploration & evaluation	(173)	(496)
(e) investments		
(f) other non-current assets		(189)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(464)</b>	<b>(1240)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	244	663
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	(10)	(124)
3.5	Proceeds from borrowings	35	516
3.6	Repayment of borrowings	(20)	(57)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>249</b>	<b>998</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	772	1,153
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(84)	(436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(464)	(1,240)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	249	998

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(37)	(39)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>436</b>	<b>436</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	436	772
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>436</b>	<b>772</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	256
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>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	950	950
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>950</b>	<b>950</b>
<b>7.5 Unused financing facilities available at quarter end</b>		
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>The Company, as borrower, entered into a loan agreement with Yaputri Pte Ltd (Yaputri) on 14 January 2021 for the sums of \$250,000 advanced in September 2020 and \$200,000 advanced in February 2021. The loan bears interest at 10% pa and is unsecured. The loan is repayable on 28 February 2023, however the Company confirms it is in advanced negotiations with the lender for the refinancing of that loan for a further period on terms similar to the convertible note offered to the Company by Chairman, Mr Malaeb.</p> <p>During the quarter the Company entered into an agreement with Chairman, Mr Jihad Malaeb for Mr Malaeb to provide the Company with a \$500,000 loan note. The loan note was agreed on 19 October 2022 and matures on 31 October 2023. The loan note bears interest at 15% per annum and is unsecured. At the Company's AGM on 28 November 2022 the shareholders approved the restructure of the loan note into a convertible loan note which can be converted at Mr Malaeb's election into R3D fully paid ordinary shares at \$0.15 per share and is otherwise on the same terms as the loan note.</p> <p>The Company notes that although agreement was not reached with Mr Malaeb until 19 October 2022, the Company did receive \$481,448 of the total \$500,000 in the previous quarter and was disclosed in the previous quarters Appendix 5B report.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(84)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(173)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(257)
8.4 Cash and cash equivalents at quarter end (item 4.6)	436
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	436
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>1.7</b>
<i>Note: if the entity has reported positive relevant outgoings (ie 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>	



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

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?

*Answer: Yes – Slag exports will continue at the level of the current quarter for at least the next quarter and then until the slag is depleted most likely in the June quarter. We are targeting the re-start of the heap leach – solvent extraction – crystallisation plant on the Company's Tartana mining leases in the March quarter and this will result in a new source of receipts from customers but also higher levels of development expenditure and staff costs in the next quarter.*

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 separately reported in December 2022 and January 2023, the Company has finalised the drawdown of \$1m Convertible Notes. A further \$500,000 is available for drawdown at the Company's election.*

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 – as detailed in recent announcements the cash flow from export of slag / matte and the Convertible Notes detailed in 8.8.2 are being used to fund the refurbishment and restart of the heap leach – solvent extraction – crystallisation plant, planned to re-start in the March quarter 2023. On restart this project is expected to generate positive cash flows to fund the Company's other activities including high impact exploration.*

*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: 31 January 2023

Authorised by: Disclosure Committee of R3D Resources Limited  
(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 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.

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

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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.