Tartana Resources Limited and Controlled Entities

ABN 90 126 905 726

Consolidated report for the half-year ended 31 December 2020

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ABN 90 126 905 726

31 December 2020

Contents

Directors' Report
31 December 2020

The directors of Tartana Resources Limited submit the half-year report of the consolidated entity ("the group") consisting of Tartana Resources Limited ("the Company") and the entities it controlled for the half-year ended 31 December 2020. The Directors Report as follows:

Information about the directors

The names of the directors of the company during or since the end of the financial period are:

Name

Stephen B Bartrop

Bruce Hills

Peter Rohner – resigned 12 August 2020

Robert J Waring

Craig Nettelbeck – resigned 10 November 2020

Company Secretary

Veronique Morgan-Smith resigned from the position of Company Secretary on 11 December 2020. Bruce Hills was appointed to replace her effective 11 December 2020.

Principal activities

The principal activities of the group comprise minerals exploration. The Company holds four mining leases which comprise the Tartana Copper and Zinc Project located in north Queensland. The leases contain an existing open pit, heap leach pads and a solvent extraction/crystallization plant that has been in care and maintenance since 2014. The Company has been investigating the restart of copper sulphate production by using this plant and sourcing the residual copper in the ponds and the heaps. The company also has mineral exploration tenements in Queensland which are the Mt Hess Copper/Gold Project and the Amber Creek Molybdenum/ Tin/ Tungsten project. In western Tasmania, the Company has the Zeehan Zinc-Slag Project. On 17 August 2020 the company entered into a contract to sell trial shipments of this slag. Over the next twenty months the Company expects to mine, screen and transport the slag to the Port of Burnie for export.

There were no other significant changes in the group's activities during the year.

Review of operations

Consistent with the Company's mission to be a significant copper/gold explorer, developer and producer, in the past six months we have aggregated a number of projects in the Chillagoe region in north Queensland. During this period the company added the following projects to its portfolio:

- On 31 July 2020, the Company completed the acquisition of Mother Lode Pty Ltd for the purchase of various EPMs covering the Bellevue, Dry River and Dimbulah copper projects in north Queensland
- On 18 August 2020, the Company entered into an exclusivity and option agreement for the acquisition of EPM 25795 (application) which covers the Nightflower silver project in north Queensland.
- In late October the Company lodged Mining Lease Applications ML 100271 and ML 100270 and EPM Application 27735 covering the Cardross copper/gold project and the Mountain Maid Gold project when the ground became available.
- On 18 January 2021 the Company entered into a sale and purchase agreement with Newcrest Mining Limited covering Newcrest's tenements north of Chillagoe representing its 1250 km^2 Bulimba project.

Also, during the period, we continued to progress towards the restart of the existing heap leach – solvent extraction – crystallisation plant currently in care and maintenance. This plant has to potential to provide near term cash flow through the sale of copper sulphate.

On 17 August 2020 Company announced it had signed an agreement with MCC Non-Ferrous Trading LLC for the export sales of the zinc matte/slag in a contract valued at around US$20 million. The agreement calls for regular 10,000 to 30,000 tonne shipments per month. During the period to 31 December 2020 we exported two 22,000 tonne trial shipments to South Korea generating revenue of $2,510,034. Since 31 December 2020 we have competed a further two trial shipments totaling 49,339 tonnes. We expect to commence regular 22,000 tonne shipments per month from June 2021. To support these proposed shipments we have applied for permitting to export a further 335,000 tonnes. The EPA Tasmania have approved the permit application and the final permit was granted on the 14th May 2021 by the West Coast Council.

Result of operations

The consolidated loss of the group after providing income tax for the half year ended 31 December 2020 was $(801,151) (half-year ended 31 December 2019: loss $490,209).

Changes in the state of affairs

There was no significant change in the state of affairs of the group during the half-year ended 31 December 2020.

Subsequent events

On 19 January 2021 Chillagoe Exploration Pty Ltd (ACN 152 008 252 – formerly Isgas Pty Ltd) (Chillex) and Newcrest Operations Limited (ACN 009 221 505) (Newcrest) entered into a sale agreement regarding the Bulimba Project. The Bulimba Project includes EPM 26530, EPM 26531, EPM 26532, EPM 26533, EPM 26738, EPM 26740 in Queensland. Newcrest will give Chillex the right to purchase 100% of the Bulimba Tenements if Chillex, before 19 November 2021 has carried out and complied with the work programme for each Bulimba Tenement, incurred and satisfied the expenditure commitments for each Bulimba Tenement (in total $336,000), sign a royalty deed granting Newcrest a net smelter return of 2% if the gold grade is >1 g/t, and of 1.5% in any other case and replace the performance bonds lodged with the Queensland government.

On 3 December 2020 the Company signed a binding Implementation Deed for Tartana which would allow Tartana to be acquired by R3D Resources Limited ACN 111 398 040 (ASX: R3D) subject to shareholder acceptances. On 4 February 2021 RSD Resources issued a Bidders Statement to acquire all the ordinary shares and options in Tartana. As at 17 May 2021 R3D had received acceptances of 93.96%. There are two material conditions precedent to the Implementation Deed; the ASX approval of the re-listing of R3D Resources and the completion of an offer of R3D shares with a minimum subscription for 21,250,000 FPO shares at 20 cents a share raising $4.25m. On 16 March 2021 ASX Limited advised R3D Resources that it had declined R3D Resource's application for readmission and on 17 March 2021 R3D Resources issued a second supplementary prospectus to withdraw the Offer and refund all Applications Monies received.

R3D lodged a second In-principle Advice application to the ASX and on 26 April 2021 R3D Resources received in-principle advice that R3D may suitable for re-admission to the official list of ASX under certain conditions. As a consequence, R3D anticipates lodging a new prospectus to raise the $4.25m minimum subscription in late May 2021.

On 29 April 2021, the company undertook a Private Placement of 3,125,000 fully paid ordinary shares at 16.0 cents raising $500,000.

On 31 March 2021 the Company (as lender) entered into a Loan Deed with R3D Resources (as borrower). The Deed has a facility limit of $175,000, has a term of 12 months, is unsecured and at an interest rate being the Australian Reserve Bank published rate.

Other than as noted above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the activities, or the state of affairs of the group; in future financial years.

Dividends

In respect of the period year ended 31 December 2020, no final dividend was paid.

Environmental regulations

The Executive Chairman reports to the Board on all significant safety, health and environmental incidents. The Board also has a Risk Committee

The Company holds mining licenses issued by the Queensland Department of Natural Resources, Mining and Energy and Mineral Resources of Tasmania. The licence conditions include those related to the environment including the deposit of a bond for environmental rehabilitation and the environmental restoration for damage caused on the mining license.

When Tartana acquired the mining leases north of Chillagoe it was advised that two water monitoring boreholes were reporting electrical conductivity and sulphate levels above the maximum threshold levels and the Company was required to produce an Environmental Evaluation Report. As Tartana has kept the operation on care and maintenance the Directors believe that the high electrical conductivities and sulphate levels were legacy issues from the previous owners. The Company provided an Environmental Evaluation Report in January 2020 and while the Department required further work to be carried out, it offered to work with Tartana to resolve the cause of these high readings. Tartana has since engaged a new consultant who advises that the increases in electrical conductivities and sulphate levels were increasing in 2012 after an environmental incident at the mine. There have been no new breaches of licence conditions during the period.

Tartana Resources has a Financial Assurance of $586,400 in place for the rehabilitation of the Tartana Mine Site. In Queensland from 1 April 2019, financial assurance requirements for resource activities under the *Environmental Protection Act 1994* were replaced with the Financial Provisioning Scheme (FPS) under the *Mineral and Energy Resource (Financial Provisioning) Act 2018*. DES has agreed to Tartana increasing its FA or surety level as a result of any shortfall in its Estimated Rehabilitation Cost (ERC) level resulting from Tartana's current application for a revised ERC decision by 16th July 2021. Further details are outlined in Note 20 Contingent liabilities and contingent assets.

On 14th May 2021 the West Coast Council issued a permit for the Company to excavate and screen for export a further 335,000 tonnes of matte/slag.

Climate Change

The company activities are assessed as having a relatively low energy intensity, producing low exposure to climate change risks related to the transition to a lower carbon economy.

The company's activities may be carried out at sites that are vulnerable to physical climate impacts. Extreme weather events have the potential to damage infrastructure and disrupt or delay business activities. The company is enhancing its site-specific risk management plans to ensure that this risk factor is considered.

Indemnification and insurance of officers and auditors

During the half-year, the company paid a premium in respect of a contract insuring the directors of the group, the group secretary, and all the executive officers of the group and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The group has not otherwise, during or since the end of the half-year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the group or any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director:
Dated: 19 May 2021

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Tartana Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2020 there have been:

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners

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Anthony J Dowell
Partner

17 May 2021

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Tartana Resources Limited and Controlled Entities

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Consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	31 Dec 2019 $
Sales Revenue	3	2,510,034	-
Cost of Sales		(2,316,543)	-
Impairment of Goodwill		(150,889)	-
Gross Profit		42,602	-
Other revenue from ordinary activities	3	47,220	8,959
Administration Costs		(21,872)	6,076
Consulting Fees		(219,189)	(215,670)
Corporate Costs		(50,726)	(89,040)
Depreciation and amortisation expense		(59,355)	(40,317)
Impairment of Goodwill		(331,927)	-
Exploration Expenses		(108,072)	(36,579)
Registration Fees		-	(539)
Rent		-	(30,000)
Other expenses		(99,832)	(93,099)
Profit/(Loss) before tax		(801,151)	(490,209)
Income tax benefit		-	-
Profit/(Loss) for the period		(801,151)	(490,209)
Other comprehensive income for the period			
Total comprehensive income/ (loss) for the period		(801,151)	(490,209)
Total comprehensive income/ (loss) attributable to:			
Owners of the company		(801,151)	(490,209)
(Losses)/Earnings per share			
Basic	4	(0.0123)	(0.009)
Diluted	4	(0.0123)	(0.009)

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Consolidated statement of financial position

As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $	30 June 2020 $
Assets			
Cash and cash equivalents	5	35,720	2,711
Trade and other receivables	6	217,805	1,189
Other current assets	7	178,042	49,435
Inventory	8	176,000	176,000
Total current assets		607,567	229,335
Non-current assets			
Intangible assets – Goodwill	10	1,501,803	1,984,619
Plant and Equipment	9	2,770,353	2,776,150
Right-of-use asset	12	68,091	95,328
Exploration Expenditure	11	1,964,379	1,228,779
Other non-current assets	7	586,400	586,400
Total Non-current assets		6,891,026	6,671,276
Total assets		7,498,593	6,900,611
Liabilities			
Current liabilities			
Trade and other payables	13	1,029,140	1,176,410
Other liabilities		8,295	15,681
Borrowings	15	774,165	281,644
Lease Liabilities	16	58,234	55,288
Loan from Directors	14	183,419	178,762
Total current liabilities		2,053,253	1,707,785
Non-Current liabilities			
Borrowings	15	-	500,000
Lease liabilities	16	15,851	46,015
Total non-current liabilities		15,851	546,015
Total liabilities		2,069,104	2,253,800
Net assets		5,429,489	4,646,811
Equity			
Issued capital	19	9,769,842	8,186,013
Accumulated losses		(4,426,838)	(3,625,687)
Reserve	18	86,485	86,485
Total equity		5,429,489	4,646,811

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Consolidated statement of changes in equity

For the half-year ended 31 December 2020

Consolidated	Note	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2020		8,186,013	86,485	(3,625,687)	4,646,811
Shares issued during the period		1,583,829			1,583,829
Total comprehensive income/(loss) for the period				(801,151)	(801,151)
Costs of capital raising					
Share based payments			-		
Balance at 31 December 2020		9,769,842	86,485	(4,426,838)	5,429,489
Balance at 1 July 2019		7,917,937	86,485	(2,647,289)	5,357,133
Shares issued during the period		185,681			185,681
Total comprehensive income/(loss) for the period				(490,209)	(490,209)
Costs of capital raising					
Share based payments			-		
Balance at 31 December 2019		8,103,618	86,485	(3,137,498)	5,052,604

The accompanying notes form part of these financial statements.

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Consolidated statement of cash flows for the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Cash flows from operating activities			
Receipts from customers and other operating activities		2,417,387	3,590
Interest received		7,842	7,844
Payments to suppliers and employees		(2,974,850)	(159,197)
Interest paid		(56,888)	(150)
Net cash generated by (used in) operating activities		(606,509)	(147,913)
Cash flows from investing activities			
Payments for exploration expenditure		(379,920)	(133,084)
Purchase of plant & equipment		(26,322)	(15,574)
Net cash generated by/ (used in) investing activities		(406,242)	(148,658)
Cash flows from financing activities			
Receipts from issuing shares		1,072,978	0
Repayment of lease liabilities		(27,218)	0
Receipts from loans		0	273,000
Net cash generated by/ (used in) financing activities		1,045,760	273,000
Net increase/(decrease) in cash and cash equivalents		33,009	(23,571)
Cash contributed upon consolidation		0	0
Cash and cash equivalents at the beginning of the period		2,711	30,943
Cash and cash equivalents at the end of the year	5	35,720	7,372

The accompanying notes form part of these financial statements.

1.General Information

Tartana Resources Limited (the “company”) is a public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

169 Blues Point Road
McMahons Point
NSW 2060

The principal activity of the group during the period was exploration for minerals.

These consolidated financial statements and notes represent Tartana Resources Limited and controlled entities (“‘consolidated group” or “group”).

2.Significant accounting policies

(a) Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the directors on 17 May 2021.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s 2020 annual financial report for the financial year ended 30 June 2020. The accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

a. deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with AASB 112 ‘*Income Taxes’* and AASB 119 ‘*Employee Benefits*’ respectively;
b. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share- based payment arrangements of the Group entered into to replace share-based

payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and

c. assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Where the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Mother Lode Pty Limited

On 31 July 2020 the Company acquired100% of the issued capital of Mother Lode Pty Ltd (Mother Lode) from Hardie Holdings Pty Ltd, Mr. Michael Robert Thirnbeck and Mr. David John Morrison. Mother Lode holds four exploration permits covering the Bellevue and Dry River exploration projects and Dimbulah Porphyry Copper project. Both projects have identified mineralization within the exploration permits and have ethe scope to become economic resources.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	31 Dec 2020
Purchase consideration – Ordinary shares issued	500,000

The fair value of the 4,000,000 ordinary shares issued as consideration paid for Motherlode was based on the price of equity under the Private Placement completed in June 2019.

The assets and liabilities recognized as a result of the acquisition are as follows:

	31 Dec 2020
Exploration Expenditure	496,500
Security Deposits	3,500
Total assets	**500,000**
Total liabilities	-
Goodwill on acquisition	**-**

	Cashflow on acquisition
Cash paid and payable	0
Net outflow of cash – investing activities	0

Motherlode has earned no revenue since the acquisition date to 31 December 2020. The was zero profit/ loss of Motherlode included in the consolidated statement of comprehensive income.

Disclosure of the revenue and profit and loss of the combined entity for the period ended 31 December 2020, assuming all business combinations that occurred during the year happened at the beginning of the period, is not practicable as the projects and the entity acquired was not operating in their normal capacity and this disclosure would be misleading to users

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(d) Leasing

The group as lessee
The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- •A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(e) Property, plant and equipment

Plant and equipment is stated at cost or fair value less accumulated depreciation as per valuation on 17 September 2018.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Plant and Equipment and Infrastructure & Site Improvements are depreciated on a straight- line basis using life of mine method based on estimated mineral reserves linked to the production of copper sulphate. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis so as the write off the cost or revalued amount of each fixed asset over its estimated useful life, as follows to its estimated residual value.

Software	1-3 years
Buildings	5 years
Plant & Equipment	Useful life of mine
Infrastructure & Site Improvements	Useful life of mine
Website & development costs	1-3 years
Low Value Pool	1-3 years
Office Equipment	3-7 years

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognized in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a ‘prospective’ basis.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(f) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decisions to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legalisation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group’s cash-generating units (or groups of cash-generating units) expected to benefit from synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(h) Critical accounting judgments and key sources of estimation uncertainty

In the application of group’s accounting policies, which are described in Note 2, the directors of the group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Useful lives of property, plant and equipment</u>

As described at (f) above, the group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

<u>Capitalised exploration and evaluation expenditure</u>

Exploration, evaluation and development expenditures incurred are only capitalized to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize costs in relation to that area.

Costs of site restoration have been determined using the estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

<u>Impairment Testing</u>

Goodwill is evaluated for impairment annually or whenever certain triggering events or circumstances, that would more likely that not reduce the fair value of a reporting unit below its carrying amount, are identified. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by government and courts.

(i) Going concern basis

This financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2020 the Group has cash assets of $35,720, and total current liabilities at that date amounting to $2,053,253. The loss for period ending 31 December 2020 was $801,151 and operating cash outflows were $606,509. Subsequent to the end of the financial half year end the Company raised a further $500,000 in a Private Placement. Also, since half year end the company has successfully completed a further two trial shipments of 49,339 dry metric tonnes at US$ 44.50 per tonne with an expected average net cash margin of $4.90 per tonne.

On 3 December 2020 the company signed a binding Implementation Deed for Tartana to be acquired by R3D Global Limited. If successful, the existing shareholders of the R3D will lose control of the R3D, the company thus effecting a reverse takeover of R3D. Under the Implementation Deed, as part of R3D being re-listed, R3D will complete a public offer of a minimum subscription of 21,250,000 FPO shares at 20 cents to raise $4,250,000. Should the public offer be unsuccessful, the R3D transaction will not complete and it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

(j) Application of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. Except as described below, there has been no material impact of these changes on the group's accounting policies.

Other pronouncements adopted for the first time in the current period

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments address these concerns by:
- Replacing the term 'could influence' with 'could reasonably be expected to influence'.
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material.
- Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework.
- Aligning the definition of material across IFRS Standards and other publications.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

Makes amendments to various Accounting Standards and other pronouncements to support the issue of the revised Conceptual Framework for Financial Reporting.

Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the Conceptual Framework. This Standard updates some of these references and quotations so they refer to the Conceptual Framework issued by the AASB In June 2019, and also makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Amends AASB 1054 Australian Additional Disclosures to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB.

Standards and Interpretations in issue not yet effective

At the date of authorization of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/ Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and* AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 January 2023	31 December 2023
AASB 2020-8 *Amendments to Australian Accounting Standards – Interest rate Benchmark Reform – Phase 2*	1 January 2021	331 December 2021
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual improvements 2018-2020 and Other Amendments*	1 January 2022	31 December 2022

3. Revenue

	Consolidated	
	31 Dec 2020	**31 Dec 2019**
	$	**$**
Sales revenue		
Sales of zinc rich matte/ slag (i)	2,510,034	-
Other revenue from ordinary activities:		
Sales- office rental services	12,600	(12,000)
Interest Income	7,842	7,843
Other Income	26,778	13,116
	47,220	8,959

(i) The Company has an agreement with MCC Non-Ferrous Trading LLC for the export sales of the zinc matte/slag. The agreement includes a fixed price revenue FOB Port of Burnie with price escalation clauses to offset adverse AUD/USD movements. During the period the company has exported two 22,000 tonne trial shipments to South Korea

	Consolidated	
	31 Dec 2020	31 Dec 2019
4. Loss per share		
Basic loss per share	-0.0123	-0.009
From continuing operations		
Diluted loss per share	-0.0123	-0.009
From continuing operations		

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

Loss used in the calculation of basic and diluted loss per share	(801,151)	(490,206)
Weighted average number of shares of ordinary shares for the purposes of basic and diluted loss per share	64,939,500	55,921,779

	Consolidated	
	31 Dec 2020 $	30June 2020 $
5. Cash and cash equivalents		
Cash at bank and on hand	35,720	2,711
6. Trade and other receivables		
Current		
Other receivables	8,069	1,189
GST Receivable	209,736	-
	217,805	1,189

There were no debtor balances that indicated the need to be provided for, for the half-year ended 31 December 2020 (year ended 30 June 2020: nil). There are no expected credit losses (ECL) for receivables for the half-year ended 31 December 2020 ((year ended 30 June 2020: nil).

7. Other assets		
Current		
Accrued revenue	132,025	-
Exclusivity Fee - Nightflower	5,000	-
Prepayments	2,217	14,135
Deposits	38,800	35,300
	178,042	49,435
Non-current		
Term Deposit	586,400	586,400

Term Deposit is held against an environmental guarantee provided by the Bank for the Company's obligations under its environmental permit for Tartana Copper assets in Queensland.

8. Inventory		
Inventory at valuation	176,000	176,000

Notes to the financial statements
for the half-year ended 31 December 2020

9. Plant and equipment

	Plant and Equipment	Buildings	Infrastructure & Site Improvements	IT & Development Costs	Office equipment	Total
	$	$	$	$	$	$
	Fair Value	Fair value	Fair Value	Cost	Cost	
Balance 1 July 2020	677,964	490,000	1,801,000	16,527	12,691	2,998,182
Additions	25,632	-	-	-	690	26,322
Balance at 31 Dec 2020	703,596	490,000	1,801,000	16,527	13,381	3,024,504
Accumulated Depreciation						
Balance 1 July 2020	9,714	188,666	-	14,675	8,977	222,032
Depreciation expense	1,607	30,281	-	231	-	32,119
Balance at 31 Dec 2020	11,321	218,947	-	14,906	8,977	254,151
Net book value 31 Dec 2020	692,275	271,053	1,801,000	1,621	4,404	2,770,353

10. Intangible assets

	Consolidated 31 Dec 2020 $	Consolidated 30June 2020 $
Non-current		
Goodwill on the purchase of Intec Zeehan Pty Ltd	1,984,619	1,984,619
Impairment of Goodwill	(331,927)	-
Impairment of Goodwill – Sale of zinc matte slag	(150,889)	-
	1,501,803	1,984,619

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The carrying amount of goodwill is allocated to cash-generating units (CGUs) (being relevant subsidiaries to which goodwill relates), which represent the lowest level at which goodwill is monitored by management. The key assumptions used in calculating the recoverable amount include net cash flow accruing to the Group generated over the period of the contract with MCC Non-Ferrous Trading LLC for the sale of zinc matte slag – the sole asset of Intec Zeehan. In calculating the value in use, cash flows over the contract period have been discounted at 10%. The impairment charge within the Cost of Sales represents the reduction on the zinc matte slag resource resulting from the shipment of 44,000 tonnes during the current period. The balance of the impairment charge reflects the impact of foreign exchange fluctuations and higher freight costs resulting from disruptions caused by Covid and while our contract is FOB it does impact the overall profitability of the zinc matte sales and limiting the impact of the Company to negotiate further price increases to offset any increases to our costs.

11. Capitalised exploration and development expenditure

	31 Dec 2020 $	30June 2020 $
Non-current		
Balance as at 1 July	1,228,779	868,381
Additions	239,100	360,398
Acquisition of Mother Lode	496,500	
Capitalised expenditure written off	-	-
Balance as at 31 December	1,964,379	1,228,779

The exploration expenditure capitalised by Tartana Resources ending 31 December 2020, is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest

	Consolidated	
	31 Dec 2020 $	**30 June 2020 $**

12. Right of use assets

Non-current		
Cost	149,801	149,801
Accumulated depreciation	(81,710)	(54,473)
	68,091	95,328

13. Trade and other payables

Unsecured		
Sundry payables and accrued expenses	427,722	817,870
Trade Payable (i)	601,418	358,540
	1,029,140	1,176,410

(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms

14. Loan from Directors

Unsecured – at amortised cost		
Loan from Craig Nettlebeck (i)	160,419	155,762
Loan for Bruce Hills Pty Ltd (ii)	8,000	8,000
Loan from Warinco Services Pty Ltd (ii)	5,000	5,000
Loan from Melueca Trust (ii)	10,000	10,000
	183,419	178,762

(i) On 25 October 2018 the Company received an unsecured loan from Craig Nettelbeck, a non-Executive Director of the Company. The annual interest rate (accruing quarterly) was 2% until 31 December 2018 and based on the Westpac Small Business Overdraft of 6.66% from 1 January 2019. The principal and interest are to be paid back within 14 days of quotation date of the Company on the ASX unless rolled over by mutual agreement. Craig Nettelbeck resigned as a Director effective 10 November 2020.
(ii) the loans from Directors are interest free, unsecured and repayable on demand. Melueca Trust is part owned by Peter Rohner who resigned as a Director effective 12 August 2020.

15. Convertible Notes

Current Liabilities		
Convertible Notes	774,165	281,644
Non-current liabilities		
Convertible Notes	-	500,000

On 18 December 2019 the company authorized the issue of up to a maximum of 7.5 million unsecured convertible notes of $0.20 each (Convertible Notes under a convertible note deed, dated 18 December 2019 to raise funding up to $1,500,000. As at 31 December 2020 a total of $750,000 notes has been issued. The convertible notes pay interest at 12% per annum (paid quarterly) and have an 18-month term from the date of the deed. The noteholders have agreed to an amend repayment of the notes to occur when either of the following events occurs, listing as

R3D Resources on the ASX or the 31st July 2021 whichever occurs first.

The face value of the notes are convertible at any time by the holder into fully paid ordinary shares in the capital of the company at a conversion price of $0.20.The company has entered into an undertaking that prior to the repayment or conversion of the Convertible Note it will not create a security or other similar encumbrance over the plant and equipment on the Tartana mining leases in North Queensland.

	Consolidated	
	31 Dec 2020 $	30 June 2020 $
16. Lease liabilities		
Current		
Lease liabilities	58,234	55,288
Non-current		
Lease liabilities	15,851	46,015

The total cash outflow for repayment of leases amount to $30,000

The lease of the company's office space at McMahons Point, NSW, is for a term of 36 months, with an expiry date of 7 April 2022. At the end of the lease term, there is an option to renew the lease for a further 3 years with total projected cash outflow over the option period of $204,975. The Directors have not recognized a right-of-use asset and a corresponding lease liability with respect to the option period as there is no reasonable certainty that the option will be exercised.

17. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Ownership interest	
		2020 %	2019 %
Riverside Exploration (QLD) Pty Ltd	Australia	100	100
Chillagoe Exploration Pty Ltd (formerly ISGAS Pty Ltd)	Australia	100	100
Intec Zeehan Residues Pty Ltd	Australia	100	100
Oldfield Exploration Pty Ltd	Australia	100	100
Oldfield Resources Pty Ltd	Australia	100	100
Motherlode Pty Ltd	Australia	100	-

18. Reserves

Share based payments (i)	86,485	86,485

(i) The share-based payments reserve records the value of options issued to directors, employees and consultants as part of the remuneration for their services.

	Consolidated	
	31 Dec 2020 $	30 June 2020 $
19. Issued capital		
70,998,698 fully paid ordinary shares (30 June 2020 58,328,071)	9,769,842	8,186,013

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary share capital

	Consolidated 31 Dec 2020		Consolidated 30 June 2020	
	Number of shares	$	Number of shares	$
Balance at the beginning of the period	58,328,071	8,186,013	55,668,071	7,917,937
Shares issued during the period	12,670,627	1,583,829	2,660,000	268,076
Balance at the end of the period	70,998,698	9,769,842	58,328,071	8,186,013

During the year the Company issued the following shares:

- Issued 4,000,000 shares at a deemed value of $0.125 per share for the purchase of Motherlode Pty Ltd
- Issued 40,000 shares at a deemed value of $0.125 per share to obtain exclusivity under the exclusivity and option agreement for the acquisition of EPM 25795
- 8,583,827 ordinary shares issued at price of $0.125 as part of Private Placements offers during the year.
- 46,800 shares at an issue price of $0.125 as payment of services.

20. Contingent liabilities and contingent assets

Tartana Resources has a Financial Assurance of $586,400 in place for the rehabilitation of the Tartana Mine Site. In Queensland from 1 April 2019, financial assurance requirements for resource activities under the *Environmental Protection Act 1994* were replaced with the Financial Provisioning Scheme (FPS) under the *Mineral and Energy Resource (Financial Provisioning) Act 2018*. As a consequence, Tartana Resources is required to assess its Estimated Rehabilitation Cost (ERC) for the mine site and provide additional surety if required. In 2019/2020 Tartana applied a third-party quote for its ERC estimation which unfortunately did not meet the Department of Environment and Science (DES) new third-party quote detail requirements. Tartana has been working with DES to upgrade a third-party quote to meet DES's new requirements. In the meantime, DES has estimated Tartana's ERC to be $1,591,504 with Queensland Treasury having invoiced Tartana for the difference between the existing financial assurance and this new ERC level on 26 February 2021. In liaison with DES, Tartana will submit an application for a revised ERC decision based on the third-party quote and which will increase the current FA to approximately $850,000. DES has agreed to Tartana increasing its FA or surety level as a result of any shortfall in ERC level by the 16th July 2021.

21. Key management personnel

Remuneration arrangements of key personnel are disclosed in the annual financial report.

22. Fair value measurements

There are no financial assets or financial liabilities that are measured at fair value at the end of the reporting period.

There were no transfers between level 1,2 and 3 for recurring fair value measurements during the half-year. The carry amount of other financial assets or financial liabilities recorded in the consolidated financial statements approximate their fair values.

23. Events after the reporting period

On 19 January 2021 Chillagoe Exploration Pty Ltd (ACN 152 008 252 – formerly Isgas Pty Ltd) (Chillex) and Newcrest Operations Limited (ACN 009 221 505) (Newcrest) entered into a sale agreement regarding the Bulimba Project. The Bulimba Project includes EPM 26530, EPM 26531, EPM 26532, EPM 26533, EPM 26738, EPM 26740 in Queensland. Newcrest will give Chillex the right to purchase 100% of the Bulimba Tenements if Chillex, before 19 November 2021 has carried out and complied with the work programme for each Bulimba Tenement, incurred and satisfied the expenditure commitments for each Bulimba Tenement (in total $336,000), sign a royalty deed granting Newcrest a net smelter return of 2% if the gold grade is >1 g/t, and of 1.5% in any other case and replace the performance bonds lodged with the Queensland government.

On 3 December 2020 the Company signed a binding Implementation Deed for Tartana which would allow Tartana to be acquired by R3D Resources Limited ACN 111 398 040 (ASX: R3D) subject to shareholder acceptances. On 4 February 2021 RSD Resources issued a Bidders Statement to acquire all the ordinary shares and options in Tartana. As at 17 May 2021 R3D had received acceptances of 93.96%. There are two material conditions precedent to the Implementation Deed; the ASX approval of the re-listing of R3D Resources and the completion of an offer of R3D shares with a minimum subscription for 21,250,000 FPO shares at 20 cents a share raising $4.25m. On 16 March 2021 ASX Limited advised R3D Resources that it had declined R3D Resource's application for readmission and on 17 March 2021 R3D Resources issued a second supplementary prospectus to withdraw the Offer and refund all Applications Monies received.

R3D lodged a second In-principle Advice application to the ASX and on 26 April 2021 R3D Resources received in-principle advice that R3D may suitable for re-admission to the official list of ASX under certain conditions. As a consequence, R3D anticipates lodging a new prospectus to raise the $4.25m minimum subscription in late May 2021.

On 29 April 2021, the company undertook a Private Placement of 3,125,000 fully paid ordinary shares at 16.0 cents raising $500,000.

On 31 March 2021 the Company (as lender) entered into a Loan Deed with R3D Resources (as borrower). The Deed has a facility limit of $175,000, has a term of 12 months, is unsecured and at an interest rate being the Australian Reserve Bank published rate.

Other than as noted above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the activities, or the state of affairs of the group; in future financial years.

In accordance with a resolution of the directors of Tartana Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 25, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards; which as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Dated this 19th day of May 2021

Independent Auditor's Review Report

To the members of Tartana Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tartana Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Tartana Resources Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tartana Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(i) "Going concern basis" which states that the company has signed a binding Implementation Deed to be acquired by R3D Global Limited. Under the Implementation Deed, R3D Global Limited will complete a public offer to raise $4,250,000. Should the public offer be unsuccessful, the R3D transaction will not complete and this would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due. Our conclusion is not modified in respect of this matter.

BDJ Partners

....
Anthony J Dowell
Partner

Dated 19 May 2021