



ASX RELEASE (31 OCTOBER 2023)

Quarterly Activities Report for Period Ended 30 September 2023 and Appendix 5B

Highlights:

- Copper Sulphate Pentahydrate plant commissioning with first production late August and commercial production after quarter end.
- Achieved production rates of 4 tonnes per day with two process technicians being employed to manage production. Expected ramp up to average 8 tonnes per day with further recruitment.
- 100% offtaker, Kanins, has offered immediate payment terms on production.
- Zinc slag shipments totalled 19,418 during the quarter. Negotiations progressing on third party treatment of gold-silver tailings below zinc stockpiles.
- R3D now expects to be cash flow positive on an operational basis for the December quarter.
- Name change to Tartana Minerals Limited to reflect copper producer status being sought at AGM on 29 November 2023.

R3D Resources Limited (ASX: **R3D**) (the **Company**), is pleased to report that it achieved the commercial production milestone at the end of the September quarter with plant commissioning occurring during the quarter and some precautionary chiller refurbishment work completed at the end of the quarter.

The commencement of copper sulphate pentahydrate production is a 'game changer' for the Company and is expected to generate healthy cash flows as well as creating opportunities from having a greater presence in the Chillagoe region. It will also allow the Company to step-up its exploration activities on both its Tartana mining lease and regional projects.

Plant Refurbishment

The heap leach – solvent extraction plant located on the Tartana mining leases operated for around a decade before being placed in care and maintenance in 2014. The plant produced high quality copper sulphate pentahydrate and is reported to have produced 6,000 to 7,000 tpa.

With the strong domestic demand for copper sulphate pentahydrate in the northern Australian larger mining operations, R3D commenced a refurbishment program in late 2021 with the appointment of a Plant Manager, Mat Hancock after listing on the ASX in July 2021. During 1H 2021 the Company focused on resource drilling and follow up metallurgical testwork which was then followed by the plant refurbishment commencing in earnest in late 2022.

R3D Resources Limited (ASX: R3D)

ACN: 111 398 040

r3dresources.com.au

The plant has produced some of the highest quality copper sulphate pentahydrate in the world with several proprietary plant components enabling the extraction of impurities and a producing a higher quality final product.



Figure 1. *Tartana Solvent Extraction – Crystallisation Plant. Clockwise – New acid tanks with delivered acid, Inspection of pipework, New tanks for copper stripping, View of plant tanks and pipework, Copper sulphate crystals in crystalliser, Plant, PLS pond and heaps for leaching in distance.*

Plant Commissioning

After plant commissioning in early August 2023, the Company announced first production on the 23 August 2023. The end-to-end process had been completed and which involved drawing copper rich solutions from the ponds (PLS) followed by solvent extraction and then stripping the copper and cooling the solutions in chillers to crystallise copper sulphate pentahydrate. The crystals are then dried, screened and bagged in 1 tonne bulka bags.

Initial pXRF assaying indicates a 24.4% copper grade which is in line with expectations.

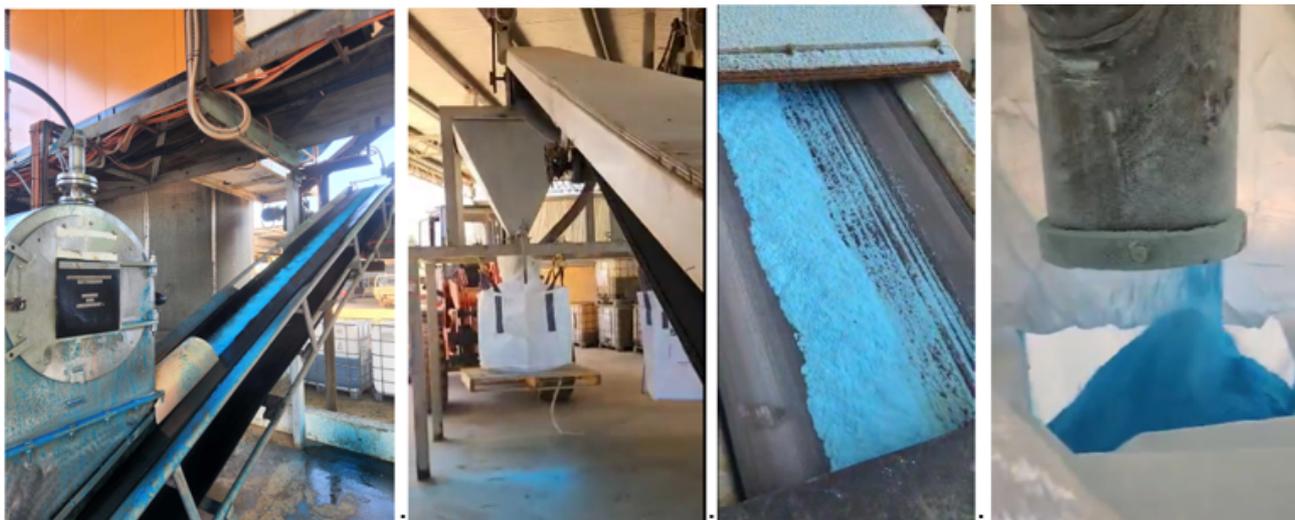


Figure 2. Centrifuge loading conveyor to dryer and bagging

Commercial Production

The first commercial production was announced in late October 2023 with the Tartana Copper Sulphate plant successfully achieving a production rate of over 4 tonnes per day. However, the identification of some bottlenecks which can be removed has increased our confidence to ramp production to 8 tonnes per day later this year once we secure additional process technicians to support a 24/7 operational basis.

The product is free-flowing and being screened to meet customer needs. Initial production is expected to be sold as technical grade copper sulphate pentahydrate.



Figure 3. Loading of screened copper sulphate pentahydrate into bulka bags.

Copper Sulphate Market and Offtake

The Company has previously announced (see ASX announcement dated 2 November 2022) that it had signed a 100% copper sulphate offtake agreement with Kanins International, a leading supplier of copper sulphate pentahydrate to the Australian and southeast Asian markets. The agreement significantly de-risks the project with Kanins to buy 100% of production during an initial period of 3 years but with flexibility around product quantities.

The production copper sulphate pentahydrate provides the Company with leverage to the copper price with the product priced on a formula using the average London Metal Exchange copper price for the month of production multiplied by copper content plus surcharge ex works Chillagoe.

Exploration Projects

Minimal work was carried out on our exploration projects during the quarter with the Company's focus on commissioning the Tartana Solvent Extraction – Crystallisation plant. However, a drill programme has been designed to increase primary copper resources at Tartana to a minimum 100,000 tonnes of contained copper and also extend the Mountain Maid gold resource. The transfer of the Nightflower silver project tenement was also completed during the quarter.

Exploration activities are expected to step up in March 2024 after the current wet season.

Zeehan Zinc Project

R3D has previously announced that it has negotiated the sale of its Zeehan zinc slag project in western Tasmania to Tailtek Pty Ltd - a company focused on extracting precious and base metals from a tailings dam present below and to the south of the zinc slag stockpiles. We understand that the tailings were deposited from flotation test work on Hercules and Rosebery mine sulphide ores, and which was conducted early last century.

The negotiation of the terms of the transaction have taken longer than expected due to various factors and an outcome potentially involving a joint venture structure but with similar financial returns to the Company.

Zeehan Low Grade Furnace Slag/Matte Exports

During the quarter was one shipment from the Zeehan stockpiles as outlined in Figure 4. The stockpiles are approaching depletion with approximately 10,000 tonnes remaining.

Shipment No.	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
22	18-Sep-23	M/V Eckert	19,418

As at today, the Company notes a total of over US\$409,000 (over A\$643,000) is expected to be received by the Company from MCC, the Company's intermediary, in respect of Zinc slag shipments which have been completed.

The stockpiles are nearing depletion, however we are currently assessing the potential for another shipment of the remaining Zinc slag.

Corporate & Financing

Cash at the end of the quarter was \$0.107million. Expenditure during the quarter included initial production costs of copper sulphate, meeting our DES approved Financial Assurance obligation for the rehabilitation of the Tartana Mine Site and capital costs associated with overhaul of the chiller circuit as detailed in our ASX Announcement on 20 October 2023 .

As announced on 19 October 2023, unsecured note holders Jihad Malaeb and Yaputri Pte Ltd have agreed to roll-over their Convertible Notes maturing on 31 October 2023 and 1 March 2024 respectively. The Company is also in discussions with \$1m secured noteholders maturing 27 January 2024 as to roll over however the Company is confident of its ability to finance redemption of these Notes from future cash flows. (ASX Announcement 19 October 2023.) A further \$0.5 million, as part of secured noteholder agreement was drawable at the Company's election and which it gave notice to drawdown in June 2023. However, as at date of this report that party (who is not a holder of any of the \$1 million Convertible Notes discussed above) has failed to meet their obligations to R3D. The Company has considered that the likelihood of it receiving those funds is low, although the Company continues to consider legal action against that defaulting party as outlined in Appendix 5B item 7.6 and ASX Announcement dated 16 December 2022 and 19 October 2023.

Additional Information Required under the Listing Rules

Information required under Listing Rule 5.31 –Exploration expenditure (refer Appendix 5B) reported during the quarter was immaterial.

Information required under Listing Rule 5.31 – Production expenditure relating to Zeehan low grade furnace slag/matte shipments during the quarter totalled \$813,099 and production expenditure relating to copper sulphate totalled \$158,573 (refer appendix 5B).

Information required under Listing Rules 6.1 and 6.2 – amounts paid to related parties and their associates totalled \$125,662. This includes amounts paid under the service contracts with Troppo Resources Pty Ltd and Bruce Hills Pty Limited, amounts paid for Directors fees and consulting services to Jihad Malaeb and interest paid to Jihad Malaeb on his convertible note facility as detailed under item 7.6. This also included \$1,213 paid to Bruce Hills Pty Ltd for bookkeeping services. The Company notes that these amounts reflect the savings detailed in the previous quarters report.

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

Further Information:

Stephen Bartrop

Managing Director

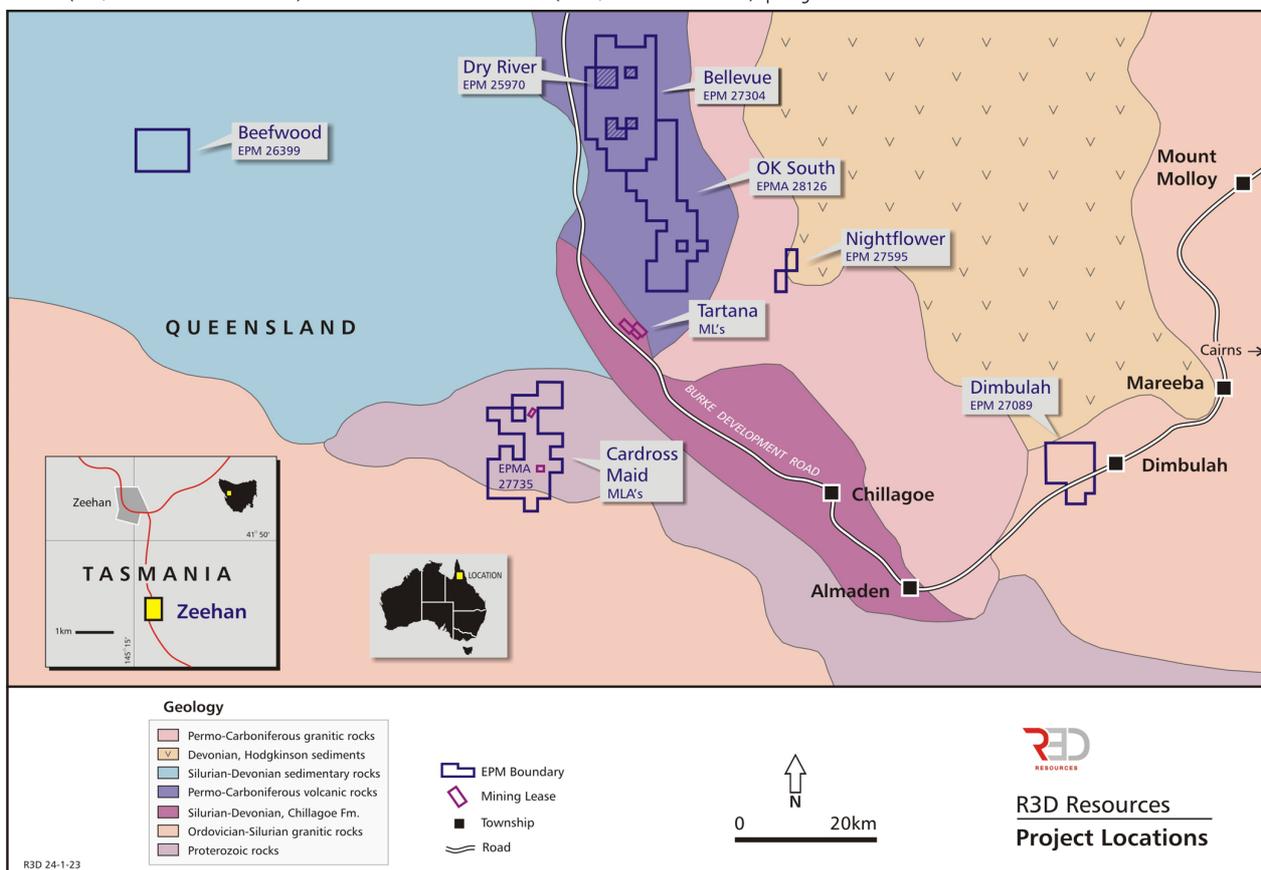
R3D Resources Limited

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About R3D Resources Limited

R3D Resources (to be renamed Tartana Minerals, subject to shareholder approval) is a significant copper, gold, silver and zinc explorer and developer in the Chillagoe Region of 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 nestled between its Tartana (45,000 tonnes Copper) Queen Grade (39,000 tonnes Zinc) and Mountain Maid (415,000 oz Gold) projects.



The Company confirms that in respect of the Tartana MRE dated 9 February 2023, the Queen Grade MRE dated 14 February 2023, and the Mountain Maid MRE dated 20 February 2023, it is not aware of any new information or data which materially affects the information included in the relevant market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

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
Mother Lode Pty Ltd			
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%
Chillagoe Exploration Pty Ltd			
EPM 26399	Beefwood	Approx 75 km NW Chillagoe Qld	100%
Oldfield Exploration Pty Ltd			
EPM27595	Nightflower	30 km north of Chillagoe	100%
Tartana Resources Limited			
ML20489	Tartana Window	40 km north of Chillagoe Qld	100%
ML4819	Tartana North	40 km north of Chillagoe Qld	100%
ML4820	Tartana West	40 km north of Chillagoe Qld	100%
ML5312	Tartana Extended	40 km north of Chillagoe Qld	100%
Riverside Exploration (QLD) Pty Ltd			
EPM27735	Maid	45 km west of Chillagoe	100%
MLA100270	Maid	44 km west of Chillagoe	100%
MLA100271	Cardross	45 km WNW of Chillagoe	100%
Intec Zeehan Residues			
3M/2017	Zeehan Zinc Project	2.5 km south of Zeehan Western Tas	100%

Appendix 5B

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

Name of entity

R3D Resources Limited

ABN

53 111 398 040

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,474	1,474
1.2 Payments for		
(a) exploration & evaluation		
(b) development	(12)	(12)
(c) production	(971)	(971)
(d) staff costs	(174)	(174)
(e) administration and corporate costs	(113)	(113)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(100)	(100)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	161	161
1.9 Net cash from / (used in) operating activities	266	266

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(169)	(169)
(c) property, plant and equipment	(83)	(83)
(d) exploration & evaluation	(3)	(3)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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)		
2.6 Net cash from / (used in) investing activities	(255)	(255)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(10)	(10)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(10)	(10)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	121	121
4.2 Net cash from / (used in) operating activities (item 1.9 above)	266	266
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(255)	(255)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(10)	(10)

Appendix 5B

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of period	107	107

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	107	107
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	107	107

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,000	2,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,000	2,000
7.5 Unused financing facilities available at quarter end		0
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.		
The Company presently has three outstanding facilities, one of which includes an undrawn amount:		
<ol style="list-style-type: none"> 1. \$500,000 Convertible Notes: During the quarter, the Company converted an outstanding loan from Yaputri Pte Ltd to Convertible Notes which mature on 1 March 2024. The Note bears interest at 15% per annum and is unsecured. For further information see ASX Announcement dated 1 March 2023. 2. \$500,000 Convertible Note: In December 2022 (following shareholder approval) the Company issued a Convertible Note to the Chairman, Jihad Malaeb. The Note bears interest at 15% per annum and is unsecured. For further information, see ASX Announcement dated 20 October 2022. 3. \$1,500,000 Convertible Note Facility: During the quarter the Company issued \$1,000,000 in Convertible Notes which mature on 27 January 2024. The notes bear interest at 15% per annum and are secured by a general security against the Company's assets., A further \$0.5 million was drawable at the Company's election, which it gave notice to drawdown in June 2023. However, as at today that party (who is not a holder of any of the \$1 million Convertible Notes discussed above) has failed to meet their obligations to R3D. Without prejudice to the Company's rights to pursue that party, and as disclosed in the 2023 Annual Report, the Company has considered that the likelihood of it receiving those funds is low, although the Company continues to consider legal action against that defaulting party. See ASX Announcements dated 16 December 2022 and 19 October 2023. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	266
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	263
8.4 Cash and cash equivalents at quarter end (item 4.6)	107
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	107
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<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:

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:

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:

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 October 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

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