

Half Year Report



R3D Resources Limited
ABN 53 111 398 040



31 December 2022

R3D RESOURCES LIMITED

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R3D RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit the consolidated financial report of R3D Resources Limited (the "Company"), comprising the Company and the subsidiaries it controlled at any time during the half-year ended 31 December 2022 (together, "the Group").

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Richard Ash (Non-Executive Director), resigned 28 November 2022

Dr Stephen Bartrop (Managing Director)

Mr Bruce Hills (Executive Director)

Mr Michael Thirnbeck (Non-Executive Director)

Mr Jihad Malaeb (Non-Executive Chairman)

Mr Robert Waring (Non-Executive Director), resigned on 31 July 2022

COMPANY SECRETARY

Mr Robert Waring resigned as Company Secretary on 31 July 2022.

Mr Sonny Didugu was appointed as Company Secretary on 28 June 2022.

REVIEW OF OPERATIONS

The Group's net loss from continuing operations was \$1,444,079 (2021: \$4,828,965). The net assets of the Group decreased by \$274,581 from \$6,983,902 at 30 June 2022 to \$6,709,321 at 31 December 2022

Zeehan Zinc Low Grade Furnace Slag/ Matte Shipments

During the half year revenue generated by the sale of low grade furnace slag/ matte totaled \$ 3,354,533 (2021: 7,404,406) on tonnes exported 50,877 (2021: 131,809). The lower tonnage resulted from the suspension of shipments from May 2022 to 30 September 2022, as the Company finalized the stage 2 permit to allow access to the remaining slag stockpiles. The permit was granted on 15 August 2022 and allowed crushing onsite and access to the northern stockpile. During the period the Company has achieved a significant increase in gross profit \$702,015 (2021: \$37,350) achieved by a combination of a renegotiated higher price \$ per tonne , cost savings and favorable foreign exchange movements.

Tartana Copper Sulphate Project

During the half year the Group announced it had secured a 100% offtake agreement for its Copper Sulphate production with Kanins International, a major international supplier of metallic salts.

In October the Company commenced a RC campaign on the Tartana mining leases to drill the northern oxide copper zone for potential resources suitable for heap leach processing. Subsequent to year end the Company announced that the results from the drilling were encouraging with several potential shallow oxide mineralized intersections.

Most of the key items of equipment required to get the plant back into production were acquired during the half year. This included the main electrical control panel and replacement tanks. All equipment is expected to be onsite early 2023 however as announced on 13 February 2023 high rainfall during January and part of February had closed the Ferguson Crossing on the Walsh River and prevented access to the mine. The control panel is now onsite, and installation is almost complete.

R3D RESOURCES LIMITED

DIRECTORS' REPORT

Exploration Projects

On 21 September 2022 the group announced an upgrade to its supergene/ transition copper resource on its Tartana mining lease to a total indicated and inferred resources of 2.27Mt at 0.5% Cu for 11,265t of contained copper. Subsequent metallurgical test work found that most of the mineralisation consisted of primary ore. In October the Company undertook a further drilling programme below the open pit with the aim to extend the previously announced indicated and inferred resource. Results of this drilling were announced on 4 January 2023 which led to a resource upgrade being announced on 9 February 2023. The total resources are now estimated to be 44,781 tonnes of contained copper at a 0.45% Cu grade using a 0.2% Cu cutoff grade.

During the period the Company conducted a drilling programme on the Queen Grade Zinc Project. On 21 October 2022 the company announced highly encouraging intersection of 12m at 10.7% Zn, 7.5g/t Ag, 0.15%Cu. As a result of this drilling, on 14 February 2023 the Company announced a maiden resource of 39,000 tonnes of contained zinc at 5.29% Zn using a 0.5% Zn cutoff grade.

Also, during the period, the company commissioned a review of the historical and more recent drilling data in order to estimate a resource for the Mountain Maid gold project. Subsequent to period end the Company announced an inferred resource of 415,000 ounce at 0.34 g/t using a 0.2 g/t Au cutoff grade including a 37,300 ounce oxidized zone at 0.35 g/t Au at or near surface.

Other exploration activities undertaken during the period included:

- a review of priority targets for future exploration resulting in the Company deciding to let the Bulimba Agreement with Newcrest Mining Limited to lapse and also not to renew the Mt Hess and Amber Creek projects.
- advancing the transfer of the Beefwood project to the Company following the exercise of the option to purchase the project from Three Rivers Prospecting Pty Ltd in late FY 2022.
- Exercising the company's option over the Nightflower Silver Project at a reduced exercise price.

Covid 19

Whilst COVID 19 had no significant impact on the Company's operations during the period to 31 December 2022, there remains uncertainty and risk on our exploration programs and the re-start of the copper sulphate plant.

Corporate

As at 31 December 2022 (and the date of this report) there were 142,121,084 shares on issue, 37,356,740 options exercisable at \$0.40 each, and a \$500,000 Loan Note maturing on 31 October 2023.

During the period to 31 December 2022, the following key corporate transactions took place:

- In July 2022, the Group successfully placed the shortfall from its May entitlement issue, raising \$1,234,250 (before costs) through the issue of 12,342,500 fully paid ordinary shares at \$0.10 per share. \$330,000 of this amount was placed with directors and subject to shareholder approval (refer below)
- Mr Jihad Malaeb moved to the role of Chairman;
- The Group undertook a placement to its directors at \$0.10 per share following shareholder approval, raising \$330,000 in December 2022;
- Mr Jihad Malaeb also provided a \$500,000 loan which was structured as a Convertible Note, following shareholder approval being received. The Convertible Note has a fixed conversion price of \$0.15 per share.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 1 March 2023 the Company announced that Yaputri Pte Ltd had agreed to refinance the \$450,000 loan due to be repaid on 28 February 2023 into a \$500,000 \$0.15 convertible note with a maturity date of 1 March 2024 and an interest rate of 15% per annum. Accrued interest of \$50,000 owing on the existing loan was capitalised into the convertible note and the balance of \$52,206 to be paid in 803,170 shares at \$0.065 per share.

On 16 December 2022 the Group announced that it had secured \$1,500,000 (before costs) in Convertible Note funding. \$1,000,000 of this available funding was to be drawn down in January 2023. The drawdown was completed and the notes issued on 27 January 2023.

There are no other significant events which have arisen since the end of the period which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial period.

R3D RESOURCES LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independent declaration under section 307C of the Corporations Act 2001 for the year ended 31 December 2022 is set out on page 7.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s. 306 (3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'B Hills', written over a dotted line.

Bruce Hills
Executive Director

16 March 2023

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of R3D Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2022 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



Gregory W Cliffe
Partner

15 March 2023

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R3D RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Consolidated Group	
		Half-year 31 Dec 2022	Half-year 31 Dec 2021
		\$	\$
Sales Revenue			
Revenue from contracts with customers	3	3,354,553	7,404,406
Cost of sales		(2,652,538)	(7,367,056)
Gross Profit		702,015	37,350
Other income	3	48,445	32,915
Expenses			
Finance costs		(45,390)	(8,031)
Administration costs		(158,528)	(124,094)
Consulting fees		(420,234)	(408,814)
Corporate costs		(48,538)	(92,816)
Support services agreement		-	(85,953)
Depreciation and amortisation expense		(64,552)	(144,350)
Employee Expenses		(209,025)	-
Exploration and development expenses		(1,037,376)	(320,354)
Corporate restructuring expenses		-	(3,488,382)
Other expenses		(198,280)	(226,436)
Share based payments		(12,618)	-
Total Expenses		(2,194,539)	(4,899,230)
Loss before income tax		(1,444,079)	(4,828,965)
Income tax expense		-	-
Loss for the period		(1,444,079)	(4,828,965)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		-	-
Total comprehensive loss for the period		(1,444,079)	(4,828,965)
Loss attributable to:			
Owners of the parent		(1,444,079)	(4,828,965)
Total comprehensive loss attributable to:			
Owners of the parent		(1,444,079)	(4,828,965)
Loss per share from continuing operations:			
		Cents	Cents
Basic loss per share (cents per share)	16	(1.04)	(4.86)
Diluted loss per share (cents per share)	16	(1.04)	(4.86)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

R3D RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Consolidated Group	
		31 Dec 2022	30 Jun 2022
		\$	\$
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		436,034	1,153,073
Trade and other receivables		439,060	170,888
Inventory	5	176,000	176,000
Other current assets	9	389,554	313,238
TOTAL CURRENT ASSETS		1,440,648	1,813,199
NON-CURRENT ASSETS			
Property, plant & equipment	6	3,868,235	3,152,568
Exploration & evaluation	7	6,525,069	5,249,963
Right-of-use asset	8	67,667	94,734
Other non-current assets	9	1,978,149	954,406
Financial Assets		33,500	17,085
TOTAL NON-CURRENT ASSETS		12,472,620	9,468,756
TOTAL ASSETS		13,913,268	11,281,955
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	(2,546,544)	(958,789)
Borrowings	13	(568,835)	(610,422)
Loans from Directors		(506,370)	-
Provisions	12	(231,256)	(232,877)
Contract liabilities		-	(8,888)
Lease liability	11	(60,537)	(57,934)
Other current liabilities		(178,153)	-
TOTAL CURRENT LIABILITIES		(4,091,695)	(1,868,910)
NON-CURRENT LIABILITIES			
Lease liability	11	(15,827)	(46,758)
Provisions	12	(3,096,425)	(2,382,385)
TOTAL NON-CURRENT LIABILITIES		(3,112,252)	(2,429,143)
TOTAL LIABILITIES		(7,203,947)	(4,298,053)
NET ASSETS		6,709,321	6,983,902
EQUITY			
Issued capital	14	20,273,560	19,056,600
Shares to be issued	14	475,171	535,250
Accumulated losses		(14,202,961)	(12,758,881)
Reserves		163,551	150,933
TOTAL EQUITY		6,709,321	6,983,902

The above statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

R3D RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Consolidated Group	Issued Capital	Shares to be issued	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulate d losses	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2021	62,034,054	-	-	3,336	(62,929,278)	(891,888)
Loss for the period	-	-	-	-	(4,828,965)	(4,828,965)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(4,828,965)	(4,828,965)
Deemed reverse acquisition on R3D by Tartana	2,357,353	-	86,485	(3,336)	56,520,670	58,961,172
Issue of shares to Tartana vendors as part of reverse acquisition	15,106,740	-	-	-	-	15,106,740
Elimination of the acquisition of Tartana by R3D	(66,600,952)	-	-	-	-	(66,600,962)
Issue of shares	4,635,000	-	-	-	-	4,635,000
Issue of options to brokers	-	-	5,852	-	-	5,852
Cost of shares issued	(228,484)	-	-	-	-	(228,484)
Balance as at 31 December 2021	17,303,711	-	92,337	-	(11,237,573)	6,158,475
Balance as at 1 July 2022	19,056,600	535,250	150,933	-	(12,758,881)	6,983,902
Loss for the period	-	-	-	-	(1,444,079)	(1,444,079)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,444,079)	(1,444,079)
Issue of shares	1,284,250	(535,250)	-	-	-	749,000
Shares to be issued	-	475,171	-	-	-	475,171
Cost of shares issued	(67,290)	-	-	-	-	(67,290)
Share-based payments	-	-	12,618	-	-	12,618
Balance as at 31 December 2022	20,273,560	475,171	163,551	-	(14,202,961)	6,709,321

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Consolidated Group	
	Half-year 31 Dec 2022 \$	Half-year 31 Dec 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,382,448	6,678,180
Payments to suppliers and employees	(3,484,696)	(8,088,648)
Interest received	7,910	7,834
Interest paid	(31,804)	-
Cash receipts from other operating activities	-	11,768
Cash payments from other operating activities	-	(11)
Net cash used in operating activities	(126,142)	(1,390,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(735,191)	(49,773)
Payments for exploration and evaluation	(628,943)	(784,455)
Payments for Security Deposits	(189,200)	-
Net cash used in investing activities	(1,553,334)	(834,228)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from issuing capital	662,752	4,250,000
Repayment of borrowings	(64,148)	(681,900)
Proceeds received from borrowings	500,000	-
Share issue costs	(67,290)	(222,632)
Repayment of lease liabilities	(30,600)	-
Net cash used in financing activities	1,000,714	3,345,468
Net decrease in cash and cash equivalents held	(678,762)	1,120,363
Effect of exchange rate changes on cash	(38,277)	(59)
Cash and cash equivalents at beginning of period	1,153,073	172,338
Cash acquired in reverse takeover	-	48,306
Cash and cash equivalents at end of period	436,034	1,340,948

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of R3D Resources Limited and its controlled entities (the Group) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of directors on 16 March 2023.

R3D Resources Limited, an explorer and developer of mineral projects, is a company limited by shares, incorporated in Australia, whose shares are listed on the Australian Securities Exchange (ASX).

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standard 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 134 Interim Financial Reporting.

The half-year financial report should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2022, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the financial statements for the year ended 30 June 2022, except for those as describe in Note 1(c) below.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (R3D Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

The Group incurred a net loss after tax for the half year ended 31 December 2022 of \$(1,444,079) (31 December 2021: loss of \$4,828,965) and experienced net cash outflows from operating activities of \$126,412 (31 December 2021: net cash outflows of \$1,390,877). At 31 December 2022, the Group had net current liabilities of \$2,651,047 (30 June 2022: net current liability of \$55,711).

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate. Directors are of the opinion that the Group will have adequate resources to continue to be able to meet its obligations as and when they fall due. For this reason, they continue to adopt the going concern basis in preparing the Half Year Financial Report.

The Directors recognise that additional funding either through the issue of further shares, the issue of debt or convertible notes, the sale of assets, the restart of the copper sulphate plant, or a combination of these steps, will be required for the Group to meet its minimum administrative and overhead expenses and to actively explore its mineral properties. The Directors are also aware that the Group can reduce certain project expenditures in order to maintain cash at appropriate levels.

If all of these funding options are unsuccessful, this may indicate that there is a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. A cash flow forecast has been produced by the Group (unaudited) which demonstrates that if certain outcomes are achieved the Group will be in a cashflow positive position for the foreseeable future.

(c) New accounting standards and interpretations

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There are no new Accounting Standards or Interpretations that have been published but are not yet mandatory that are expected to have a material impact on the Group.

(d) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reports amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those in the Group's 30 June 2022 annual report.

NOTE 2: OPERATING SEGMENTS

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

Following the acquisition of Tartana Resources Limited in the year ended 30 June 2022, the Group ceased to operate as a provider of investor relations, financial media and research for small-mid cap stocks.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information received by the Board of Directors does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information. Based on this criterion, the Group has only one operating segment, being exploration, and the segment operations and results are the same as the Group results.

R3D RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)

NOTE 3: SALES REVENUE AND OTHER INCOME

	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue from contracts with customers		
Sale of low grade furnace slag ore	3,354,553	7,404,406

Revenue from the sale of slag ore is recognized when the goods or services passes to the customer and no further processing is required by the Group.

All revenue is generated from one geographic location for services rendered.

Other income		
Sale – office rental services	13,000	6,000
Interest income	7,910	7,834
Other income	27,535	19,081
	48,445	32,915

NOTE 4: CASH AND CASH EQUIVALENTS

	31-Dec-22	30-Jun-22
	\$	\$
Cash at bank and on hand	436,034	1,153,073

NOTE 5: INVENTORY

Inventory comprises of copper contained in the ponds of the copper sulphate project. The stockpiles were initially recorded at fair value, based on a valuation completed on 17 September 2018, and thereafter at net realisable value.

	31 Dec 2022	30 Jun 2022
	\$	\$
At cost:		
Inventory – Copper in Ponds	176,000	176,000
	176,000	176,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)

NOTE 6: PROPERTY, PLANT & EQUIPMENT

	31 Dec 2022	30 Jun 2022
	\$	\$
Plant and equipment - at fair value	1,831,740	1,093,531
Buildings - at fair value	490,000	490,000
Infrastructure & Site Improvements – at fair value	1,801,000	1,801,000
IT & Development costs – at cost	20,694	16,527
Office equipment at cost	48,175	47,320
Vehicles and equipment at cost	85,777	76,067
Leasehold improvements at cost	-	-
Accumulated depreciation	(409,151)	(371,787)
	3,868,235	3,152,568
<i>Movement in property, plant & equipment</i>		
Balance at the beginning of the period, net of accumulated depreciation	3,152,568	2,748,893
Additions	753,152	477,825
Depreciation	(37,185)	(74,150)
Balance at end of period, net of accumulated depreciation	3,868,235	3,152,568

NOTE 7: EXPLORATION AND EVALUATION

Areas of interest in the exploration and evaluation phases

	31-Dec-22	30-Jun-22
	\$	\$
Balance at the beginning of the period	5,249,963	2,252,524
Option to acquire Beefwood Project	-	385,000
Exercise of option over Beefwood Project	192,500	-
Expenditure incurred during the period	1,082,606	2,612,439
	6,525,069	5,249,963

During the period, the Group gave notice of its intention to exercise its option in order to acquire the Beefwood Project. The Group expects to issue fully paid ordinary shares in the first quarter of the 2023 calendar year. The number of shares to be issued will be determined with reference to the one-month VWAP.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)

NOTE 8: RIGHT OF USE ASSETS

	31-Dec-22	30-Jun-22
	\$	\$
Balance at the beginning of the period - cost	94,734	148,868
Accumulated depreciation	(27,067)	(54,134)
	67,667	94,734

NOTE 9: OTHER ASSETS

	31-Dec-22	30-Jun-22
	\$	\$
<i>Current</i>		
Accrued revenue	253,414	240,419
Prepayments	133,390	72,819
Deposits Paid	2,750	-
	389,554	313,238
<i>Non-Current</i>		
Rental Bond	22,000	22,000
Security Deposit	206,000	19,550
Term Deposit	912,856	912,856
Surety – Rehabilitation obligations	837,293	-
	1,978,149	954,406

NOTE 10: TRADE AND OTHER PAYABLES

	31-Dec-22	30-Jun-22
	\$	\$
<i>Unsecured</i>		
Sundry payables and accrued expenses	118,841	146,132
Queensland Government – Surety increase	837,293	-
Trade Payables (i)	1,590,410	812,657
(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms	2,546,544	958,789

NOTE 11: LEASE LIABILITIES

	31-Dec-22	30-Jun-22
	\$	\$
Current		
Lease liabilities	60,537	57,934
Non-current		
Lease liabilities	15,827	46,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)
NOTE 12: PROVISIONS

	31-Dec-22 \$	30-Jun-22 \$
Current		
Employee benefits – annual leave	(31,256)	(32,877)
Provision – Rehabilitation (i)	(200,000)	(200,000)
	(231,256)	(232,877)
Non-current		
Provision – Rehabilitation		
Carrying amount at the beginning of the year	(2,377,115)	(1,139,111)
Movement in provision during period	(708,792)	(1,238,004)
Carrying amount at the end of the period (ii)	(3,085,907)	(2,377,115)
Employee benefits – long service leave	(10,517)	(5,270)
	(3,096,425)	(2,382,385)

The rehabilitation provision represents:

(i) *Intec Zeehan Residues*

A provision for site rehabilitation of the area previously disturbed during mining activities up to the reporting date, but not yet rehabilitated at the Zeehan Zinc low grade furnace slag/matte project.

(ii) *Tartana Copper*

During the 30 June 2022 year, the Group updated its underlying cost assumptions in its rehabilitation model from \$922,856 to \$1,750,149 based on correspondence with the ERC under the Queensland Financial Provisioning Scheme (FPS) under the Mineral and Energy Resource (Financial Provisioning) Act 2018. The above movement since 30 June 2022 is as a result of updates in economic assumptions and the unwinding of the provision over time.

NOTE 13: FINANCIAL LIABILITIES - BORROWINGS

	31 Dec 2022 \$	30 Jun 2022 \$
Third party borrowings	(568,835)	(610,422)
Loans from Directors	(506,370)	-
	(1,075,205)	(610,422)
Balance at the beginning of the period, at amortised cost	(610,422)	(772,438)
Acquired on acquisition	-	(485,579)
Loan from Director (J.Malaeb)	(500,000)	-
Accrued interest	(28,932)	(22,315)
Repayment of Borrowings	64,148	-
Conversion of Convertible Notes	-	250,000
Repayment of Convertible Notes	-	500,000
Balance at end of period, at amortised cost	(1,075,205)	(610,422)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)
NOTE 13: FINANCIAL LIABILITIES – BORROWINGS (Continued)

On 20 October 2022, the Group announced Mr Jihad Malaeb (Chairman) would provide a \$500,000 unsecured loan note to support the Tartana plant restart and other activities. The loan note bears interest at 15% pa paid monthly. At the Annual General Meeting on 28 November 2022 shareholders approved the loan note become a convertible loan note with a \$0.15 conversion price. The Group and Mr Jihad Malaeb are currently in the process of enacting this conversion.

The Company, as borrower, entered into a loan agreement with Yaputri Pte Ltd (Yaputri) as the lender, which was subsequently amended. The loan is for \$A250,000 and is unsecured and was paid to the Company on 17 September 2020.

The loan was to be advanced in one instalment with any further funds provided at the discretion of Yaputri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% per annum. The loan was due to be repaid in full on 28 February 2023 as a result of a negotiated extension.

On 8 February 2021, a further A\$200,000 of funds was received as part of the loan agreement with Yaputri.

In return for agreeing to extend the loan agreement with the Group (see above), on 20 July 2022 Yaputri received 500,000 shares at an issue price of \$0.10 per share.

NOTE 14: ISSUED CAPITAL

	31 Dec 2022 \$	30 Jun 2022 \$
142,121,084 (30 June 2022: 129,278,584) fully paid ordinary shares	20,273,560	19,056,600

Movement in share capital

	Shares	\$
Balance as at 1 July	129,278,584	19,056,600
Shares issued in a placement to directors	3,300,000	330,000
Issue of shares to Yaputri as part of loan extension	500,000	50,000
Shares issued for cash in rights issue	9,042,500	904,250
Cost of share issues	-	(67,290)
Balance as at 31 December	142,121,084	20,273,560

Shares to be issued

Shares to be issued for exercise of option over Beefwood Project ^{1,2}	-	192,500
Shares to be issued for exercise of option over Nightflower Silver Project ^{1,2}	-	250,000
Employee salary package shares to be issued ²	-	32,671
Balance as at 31 December	-	475,171

¹ During the period ended 31 December 2022, the Group exercised options held to acquire the Beefwood and Nightflower Silver Projects. It is anticipated that these shares will be issued in the first half of calendar year 2023, upon resolution of licenses for exploration tenure being granted and/or transferred to the Group.

² The ultimate number of shares to be issued will be determined with reference to the relevant terms within the underlying agreements applicable to each arrangement.

NOTE 15: OPTIONS ISSUED

37,356,740 (30 June 2022: 37,356,740) options	163,551	150,933
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	Options	\$
Balance at 1 July 2022	37,356,740	150,933
Share based payments expense	-	12,618
Balance as at 31 December 2022	37,356,740	163,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (Continued)

NOTE 16: EARNINGS PER SHARE

	31 Dec 2022 \$	31 Dec 2021 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net loss	(1,444,079)	(4,828,965)
Weighted average number of ordinary shares used in calculating basic earnings per share	138,144,458	99,327,022
Effect of dilutive securities: Share options ¹	-	-
Basic and diluted earnings per share (in cents)	<u>1.04</u>	<u>4.86</u>

¹ Share options are not dilutive as their inclusion would give rise to a reduced loss per share.

There was a total of 34,856,740 share options and 1,001 convertible notes that were potentially dilutive to shares on issue at 31 December 2022 (30 June 2022: 5,352,500 share options).

The above weighted average number of shares incorporates an adjustment to the calculation to incorporate the effects of bonus elements (if any) in relation to rights issues in the current and previous financial year.

Conversion, calls, subscriptions or issues after 31 December 2022

There have been no other options issued, conversions to, calls of, or subscriptions for ordinary shares since the reporting date and before the completion of this interim financial report.

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as exploration tenements can be reduced or relinquished at any time. Management has estimated expenditure to meet these commitments as detailed below:

	31 Dec 2022 \$	30 Jun 2022 \$
Payable not later than one year	387,600	641,800
Payable later than one year but not later than two years	530,100	341,800
	<u>917,700</u>	<u>983,600</u>

Other than the matter noted above, the Group has no other contingent liabilities as at 31 December 2022.

NOTE 18: SIGNIFICANT EVENTS AFTER REPORTING DATE

On 1 March 2023 the Company announced that Yaputri Pte Ltd had agreed to refinance the \$450,000 loan due to be repaid on 28 February 2023 into a \$500,000 \$0.15 convertible note with a maturity date of 1 March 2024 and an interest rate of 15% per annum. Accrued interest of \$50,000 owing on the existing loan was capitalised into the convertible note and the balance of \$52,206 to be paid in 803,170 shares at \$0.065 per share.

On 16 December 2022 the Group announced that it had secured \$1,500,000 (before costs) in Convertible Note funding. \$1,000,000 of this available funding was to be drawn down in January 2023. The drawdown was completed and the notes issued on 27 January 2023.

There are no other significant events which have arisen since the end of the period which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial period.

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Bruce Hills
Executive Director

16 March 2023

Independent Auditor's Review Report

To the members of R3D Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of R3D Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, 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 R3D 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 2022 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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under Professional
Standards Legislation.
Please refer to the
website for our
standard terms of
engagement.

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 R3D 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 2022 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 1(b) "Going concern" which states that the directors recognise that additional funding will be required to meet the consolidated entity's minimum administrative and overhead expenses and to actively explore its mineral properties. Should all of the funding options be unsuccessful, 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. Our conclusion is not modified in respect of this matter.

BDJ Partners



.....
Gregory W Cliffe
Partner

Dated 16 March 2023



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Website

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Share Registry

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Phone: +61 02 8234 5000

Securities Exchange Listing

R3D Resources Limited – shares are listed on the Australian Securities Exchange (ASX Code: R3D)

Board Directors

Jihad Malaeb
Non-Executive Chairman

Stephen Bartrop
Managing Director

Bruce Hills
Executive Director

Michael Thirnbeck
Non-Executive Director

Company Secretary

Sonny Didugu

Auditor

BDJ
Level 8, 124 Walker Street
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R3D Resources Limited
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