



ASX RELEASE (12 OCTOBER 2022)

Exercise of Nightflower Silver Project Option

Highlights:

- R3D exercises its option over the Nightflower Silver Project at a significantly reduced exercise price
- Exploration to-date indicates high grade surface mineralisation and significant silver exploration target
- With 100% ownership, focus now on upgrading and increasing resources to meet JORC 2012 standards

R3D Resources Limited (ASX: R3D) (**R3D** or the **Company**), a significant copper-gold explorer and developer in the Chillagoe Region in Far North Queensland, is pleased to announce that it has exercised its option to acquire the Nightflower Silver Project.

The option agreement with Mr Tom Saunders expires on the 23 February 2023 with an exercise price of \$1m. With the early exercise of the option, the Company has renegotiated revised terms which lowers the exercise price to \$250,000 payable in R3D shares priced at 10 cents per share. The shares will be escrowed for 12 months from the date of issue.

The revised terms also include upside payments if a base case resource of 25 million ounces silver equivalent (Ag Eq) at a 50g/t Ag Eq cut-off grade is exceeded. This involves payments of \$100,000 in R3D shares at the previous one-month VWAP for every additional 1 million ounces Ag Eq above the base case resource and up to a maximum of \$750,000 or 32.5 million ounces silver equivalent at a 50g/t Ag Eq cut-off grade.

R3D has previously advised that it had received high grade assays from rock chips from along the Nightflower lode with maximum values up to 60.1% lead, 21.1% zinc and 2600 g/t silver (see Announcement dated 30th August 2022). The Nightflower lode extends for over 2.3 km and the Company had earlier estimated an Exploration Target ranging from 2.7 to 5.3Mt at 134 to 193 g/t Ag Eq for 17.0 to 23 Moz Ag Eq (see ASX announcement dated 6 June 2022). Note that the potential quantity and grade is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A JORC 2004 reported to the ASX by Axiom Mining on 31 October 2008 was estimated from drilling on the Digger Lode with intersections up to 39 m at 181 g/t Ag, 0.32 g/t Au, 4.4% Pb, and 1.16% Zn from 70 m (Hole NF08DD19, see Axiom Mining Announcement dated 31 October 2008) and containing several higher-grade smaller intersections. At that time only the most recent drilling had included assaying for gold while Laing (2016) reports that the historical (1974) drilling often failed to fully intersect the mineralisation with drilling ending prematurely in a hanging wall porphyry dyke.

R3D Managing Director Stephen Bartrop commented:

“The exercise of the option at the significantly reduced exercise price is a great outcome for our shareholders. The mineralisation is relatively high grade and contains an existing JORC 2004 resource.

R3D Resources Limited (ASX: R3D)

ACN: 111 398 040

r3dresources.com.au

“With our systematic approach to exploration, we believe we can significantly increase the resource as well as upgrading the mineralisation to meet JORC 2012 standards. The orebody remains open at depth and along strike and may represent the upper levels of deeper porphyry mineralisation.”

Nightflower Silver Project Background

The Nightflower project is located 40 km north of Chillagoe in Far North Queensland and the project covers a substantial part of the northern Featherbed Volcanic Group and the underlying and surrounding Hodgkinson Formation.

The mineralisation is in the form of an epithermal polymetallic (Ag-Pb-Zn-Cu-Au) deposit located within the Nightflower fault zone. There are two prospects, the Digger Lode and Terrace, along this fault structure with the mineralisation interpreted to represent the upper levels of an underlying porphyry deposit (see Figure 1).

The fault zone is also interpreted to be part of the northeast-trending Mungana transfer zone, a regional lineament, which connects to the regional Palmerville fault zone, near the location of the Mungana and Red Dome copper-gold-silver porphyry mines (Figure 1).

Most historical work has been on the Digger Lode which has been partly defined by surface outcrop along with 19 drillholes (18 of 19 are diamond), which have intersected mineralisation between 10 m and 370 m below surface.

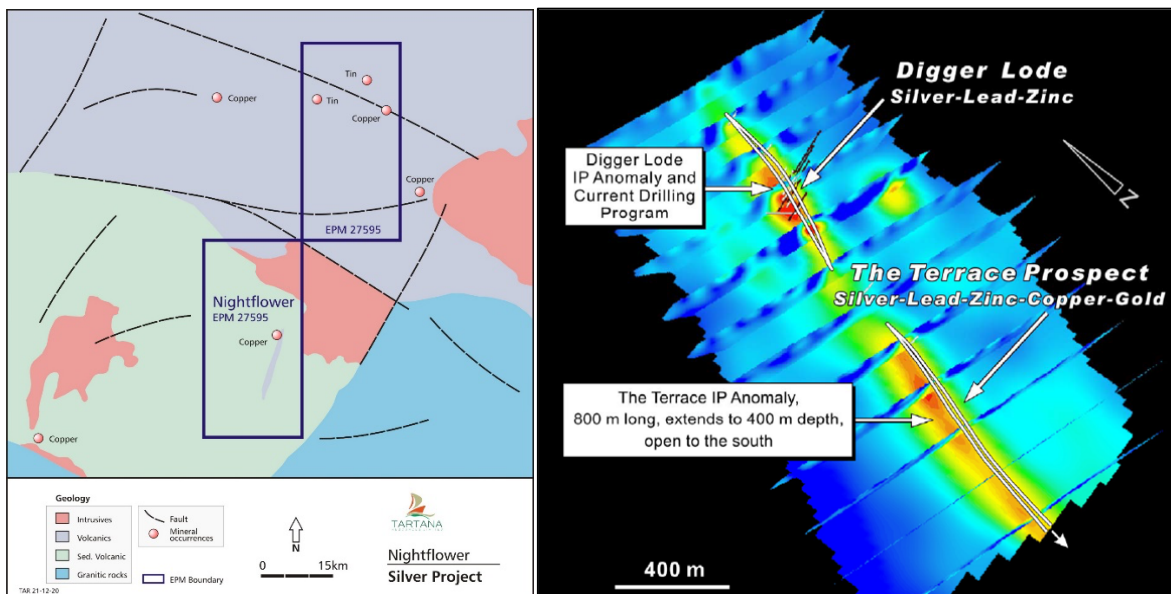


Figure 1: Nightflower project geology and IP anomalies

Significant historical surface sampling and drilling intersections are presented in Figure 2 below.

Sample No.	Type	Location	Silver (ppm)	Gold (ppm)	Lead (%)	Zinc (%)	Copper (%)	Hole No.	From (m)	To (m)	Interval (m)	Silver (g/t)	Gold (g/t)	Lead (%)	Zinc (%)	Copper (%)
P169950	Dump grab	N of Digger Lode	1260	0.49	37.8	0.25	0.02	NF08DD17	152.3	154.2	1.9	164.4	0.18	3.32	0.86	0.30
P169951	Dump grab	N of Digger Lode	1930	0.44	50.7	0.24	0.05		154.2	154.9	0.7	24.8	1.41	0.56	0.23	
P169936	Dump grab	Digger Lode S	63.3	2.63	1.1	Tr	Tr	NF08DD18*	144	153	9	62.2	0.21	1.25	0.8	
P169937	Rock chip	100m N of Lode	0.5	0.02	Tr	Tr	Tr		including	151	153	2	158.7	0.34	2.79	1.15
P169938	Dump grab	Digger Lode 500m S	121	0.12	8.67	26.9	Tr	NF08DD19	70	109	39	181	0.32	4.4	1.16	
P169939	Rock chip	D9 Area	222	0.45	2.92	0.23	0.03		including	93	102	9	506	0.3	12.6	1.46
P169940	Rock chip	D9 Area	505	1.53	9.68	0.6	0.14	including	98	102	4	769	0.61	22.4	2.23	0.5
P169941	Dump grab	D9 Area	109	0.74	5.63	0.28	0.08	including	105	107	2	2.5				
P169942	Dump grab	D9 Area	37.3	1.19	1.81	1.87	0.02	NF08DD20*	142	147	5	59.3		1.54	0.8	
P169952	Rock chip	D9 Area	399	2.71	6.79	0.12	0.13		including	142	144	2	121	0.21	3.35	1.1
P169953	Rock chip	D9 Area	505	3	8.9	0.19	0.12	NF08DD21*	213	215	2	110.7	1.39	1.03	2.59	0.79
P169943	Dump grab	Terrace workings	70.6	0.05	2.43	0.27	0.05		including	218	219	1	58.8	12.8		
P169944	Dump grab	Terrace workings	137	4.09	7.25	0.42	0.08	NF08DD22*	275	277	2	329.5	0.08	10.5	3.99	0.2
P169945	Dump grab	Terrace W lode	36.5	0.23	1.48	0.18	0.11		including	433.8	436.6	2.8	60.1	0.69	1.76	0.35
P169946	Rock chip	Terrace workings 50m S	10.3	1.01	0.37	0.21	0.03	NF08DD23*	438.8	442.8	4	49.7	1.24	1.12	0.35	
P169947	Rock chip	Terrace S end of lode	15	1.17	0.36	0.32	0.05		including	438.8	442.8	4	49.7	1.24	1.12	0.35
P169948	Rock chip	Terrace S end W lode	5.7	0.04	0.06	0.35	0.01	NF08DD24*	76	79	3	51.8		1.28	1.6	
P169949	Rock chip	Terrace IP anomaly	12.6	0.73	0.10	0.05	0.02									
P169954	Rock chip	Terrace S end IP	21.4	1.01	0.49	0.05	0.01									
P169955	Rock chip	Terrace W lode	494	0.12	25	0.19	0.3									

Figure 2: Exploration results from surface sampling and historical drilling at Digger Lode as reported by Axiom Mining (Axiom 2008).

The Nightflower lode extends for over 2.3 km. In June 2022 the Company estimated a revised Exploration Target (see ASX announcement dated 6 June 2022) outlined in Figure 3.

Exploration Target Tonnage		Ag Grade (g/t)		Au Grade (g/t)		Ag Eq (g/t)		Ag Eq Contained Metal	
Low	High	Low	High	Low	High	Low	High	Low (Moz)	High (Moz)
2,749,081	5,360,372	89	146	0.35	0.42	134	193	17.0	23.0

Figure 3. Exploration Target for the Digger Lode. Note that the potential quantity and grade is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. See ASX announcement dated 6 June 2022 for Tables 1 & 2 JORC 2012) Comp Person: BMS – Geoff Reed, R3D – Tom Saunders. $Ag\ Eq = Ag + (Au * 56) + (Cu * 10) + (Pb * 3) + (Zn * 1) + (Sb * 11)$.

On the 30 August 2022 the Company announced the assay results for due diligence rock chip sampling. Maximum values of 60.1% lead, 21.1% zinc, 2600 g/t Ag were returned from the rock chip sampling along with elevated indium (54 ppm) and antimony (0.71%) assays, confirming previously reported ore-grade Pb-Ag-Zn geochemistry (see ASX announcement dated 30 Augusts 2022) (see Figure 4).

The Exploration Target size and the high-grade surface sampling generates confidence that future exploration has the potential to create a moderate size high grade precious and base metal project.

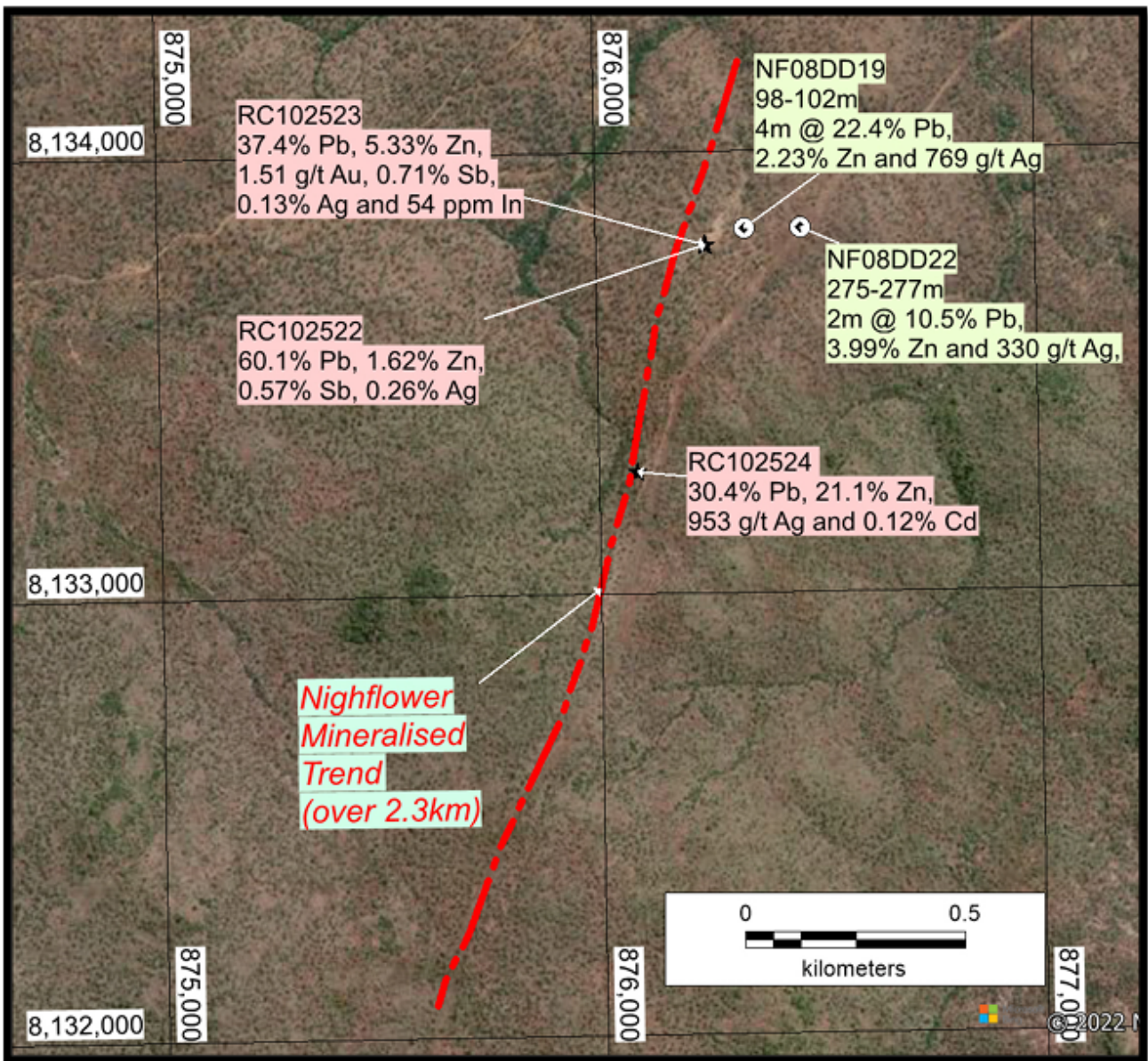


Figure 4. Highlight assay results (in pink box) of recent rock chip sampling along the 2.3 km Nightflower Lode. Historic drilling intersections (green) confirm similar Pb-Zn-Ag geochemical tenor extending over 200 m down dip of the surface workings. (See ASX announcement dated 30 August 2022).

Option Details

R3D Resources' subsidiary Tartana Resources Limited (**Tartana**) signed an option agreement over the Nightflower project with Mr Tom Saunders, which pre-dated Tartana's acquisition by R3D. The project is covered by an EPM 27595 and the terms of the option were:

- Exclusivity Fee (until the grant of the EPM) of \$5,000 payable in Tartana shares priced at 12.5 cents per share;
- Option Fee of \$20,000 payable in Tartana Shares priced at 12.5 cents per share

- Two-year option period from the time of granting of the EPM with a minimum spend requirement including 150m of RC Drilling during the option period
- Exercise price of \$1 million payable in Tartana Shares at the VWAP at that time.

The Tartana shares issued to Mr Saunders were subsequently acquired by R3D Resources in return for R3D Shares in 2021.

The Company has successfully renegotiated the terms of the Option Agreement to be more favourable to R3D. A summary of the material revised terms are as follows:

- Exercise price of \$250,000 payable in R3D Shares priced at 10 cents per share, being 2,500,000 R3D Shares and escrowed for a 12-month period from their date of issue;
- Completion to occur on or around 17 October 2022, however issue of 2,500,000 R3D Shares will be subject to Ministerial approval being granted for tenement transfer;
- Additional payments of:
 - \$100,000 payable in R3D Shares at the previous one-month VWAP for each 1 Moz Ag Eq increase in resource, with a minimum cut-off grade of 50 g/t Ag Eq, above a base resource of 25 Moz Ag Eq to a maximum of 32 Moz (thus being no more than a further \$700,000 if the resource meets or exceeds 32 Moz) and;
 - \$50,000 payable in R3D Shares at the previous one-month VWAP in the event that the resource exceeds 32 Moz Ag Eq with a minimum cut-off grade of 50 g/t Ag Eq;
- Additional payments are subject to R3D's release of a JORC 2012 compliant resource reported to ASX that meets the criteria disclosed above;
- All R3D Shares issued to Mr Saunders are to be held in a 12 month voluntary escrow, and are expected to be issued under capacity available to the Company under ASX Listing Rule 7.1 from time to time. Mr Saunders is not a party to whom ASX Listing Rule 10.11 would apply.

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

Further Information:

Stephen Bartrop

Managing Director

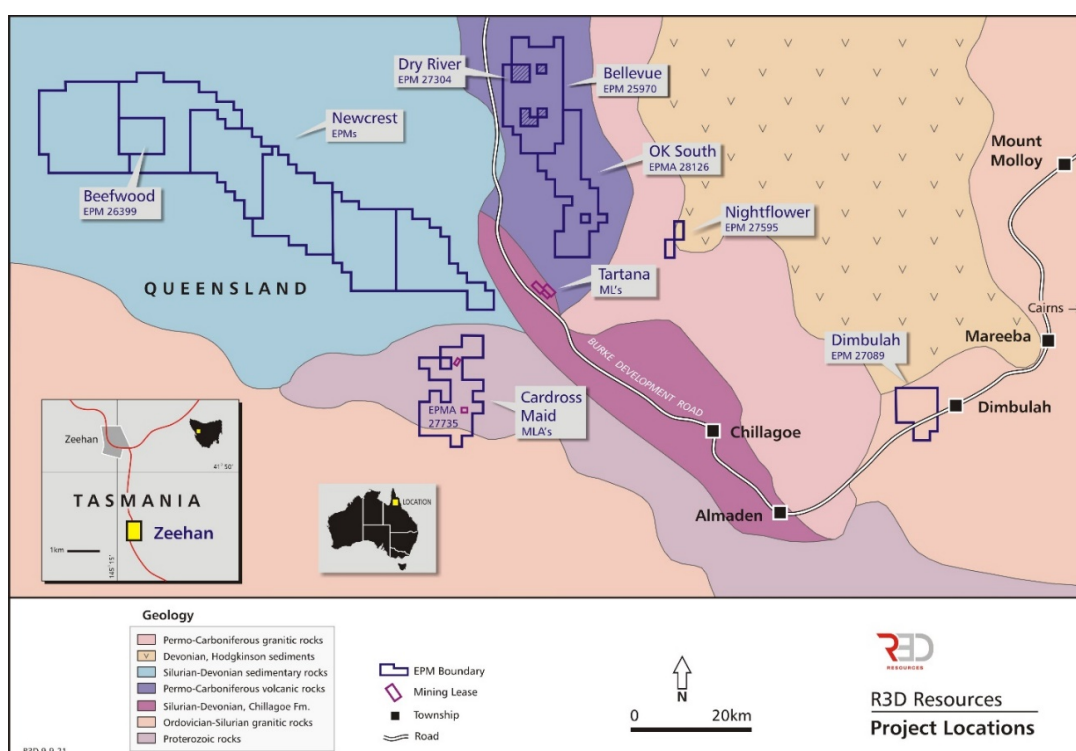
R3D Resources Limited

M: + 61 408 486 163

P: + 61 2 9392 8032

About R3D Resources Limited

R3D Resources is a significant copper-gold explorer and developer in the Chillagoe Region in Far North Queensland. R3D owns several projects of varying maturity, with the most advanced being the Tartana mining leases, which contain an existing heap leach – solvent extraction – crystallisation plant. Work has commenced to restart this plant to provide future cash flow through the sale of copper sulphate. In Tasmania, Tartana has secured permitting to excavate and screen for export low-grade zinc furnace slag/matte from its Zeehan stockpiles in Western Tasmania and has been shipping zinc slag to South Korea. These two projects have the potential to generate a strong cash flow to underpin the R3D’s extensive exploration activities in the Chillagoe region.



Competent Person's Statement

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Wayne (Tom) Saunders who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and a Member of the Australian Institute of Geologists (AIG). Mr Saunders has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Saunders is an employee of R3D Resources Limited, and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Geoff Reed who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM (CP)), and a Member of the Australian Institute of Geologists (AIG). Mr Reed has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Reed is a

consultant of R3D Resources Limited, and consents to the inclusion in this report of the matters based on his 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.