



ANNUAL REPORT

2022



R3D RESOURCES LIMITED
ACN 111 398 040

Chairman's Report

I am pleased to present the 2022 Annual Report to my fellow shareholders of R3D Resources Limited (**R3D** or the **Company**).

This is the first R3D Annual Report to present a near full year of trading activity following the completion of the Tartana reverse takeover and subsequent reinstatement to quotation on the Australian Securities Exchange in July 2021. This has been a significant year for the Company as we progress our two key near term cash generating assets and further advance our highly prospective exploration portfolio.

Our Tartana Copper Sulphate plant is on track for commencement by Q1 2023 and we're well advanced in negotiations towards securing long term offtake partners – with announcements on this being released in the coming days.

We are recommencing Zeehan Zinc slag exports to South Korea which provides additional positive cash flow to the Company as well as paves the way forward on rehabilitating the Zeehan site and contributing to the Company's ESG credentials.

Across our exploration portfolio we have been very active, including reporting an Indicated and Inferred resource at Tartana totalling over 10,000 tonnes of Copper (ASX Ann: 21 September 2022), as well as providing notice of our intention to exercise our options to acquire the Beefwood and Nightflower projects – both at attractive discounts to earlier negotiated terms – providing the Company with further exposure to prospective Copper, Gold and Silver targets.

Separately, I note that the Financial Reports and Director Declarations included in this Annual Report were originally released on 30 September 2022, since which I have become the Chairman of the Board. We present those accounts and declarations as they were at 30 September 2022 signed by the Chairman at the time, Mr Richard Ash. On behalf of the Board, I thank Mr Ash for his past service to the Company as Chairman.

I am excited to be appointed Chairman at what is a critical phase of R3D's development towards being a self sustainable profitable Copper Sulphate producer, with additional and significant upside potential from our broad exploration portfolio.

Lastly, I thank all our shareholders for their continued support and I look forward to presenting to and meeting you all at the upcoming 2022 Annual General Meeting to be held in November.

Yours sincerely,

Jihad Malaeb
Chairman

Table of Contents

CHAIRMAN’S REPORT	1
TABLE OF CONTENTS	2
VISION.....	3
OUTLOOK	3
MANAGING DIRECTOR REVIEW	5
TENEMENT SCHEDULE	17
ANNUAL MINERAL RESOURCES STATEMENT.....	18
COMPETENT PERSON STATEMENT.....	18
DIRECTOR’S REPORT	19
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	42
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	43
STATEMENT OF CHANGES IN EQUITY	44
STATEMENT OF CASHFLOW	45
NOTES TO THE FINANCIAL STATEMENTS.....	46
DIRECTOR’S DECLARATION	87
INDEPENDENT AUDITOR’S REPORT	88
ADDITIONAL ASX INFORMATION	93
CORPORATE DIRECTORY	96

Vision

R3D Resources (R3D) has a vision to become a significant copper producer through the development of projects within its prospective tenement portfolio. R3D recognises that copper is a strategic metal which is important to the green energy revolution including electric vehicles. When many of the world's largest copper mines are experiencing decreasing production with declining head grades and higher costs, R3D is focused on exploring for and developing major deposits which have the potential to deliver long mine lives at significant production levels. R3D believes its exploration projects offer this potential.

Outlook

With the first year following the re-listing on the ASX, the Company has achieved several milestones which create a strong foundation for future shareholder value.

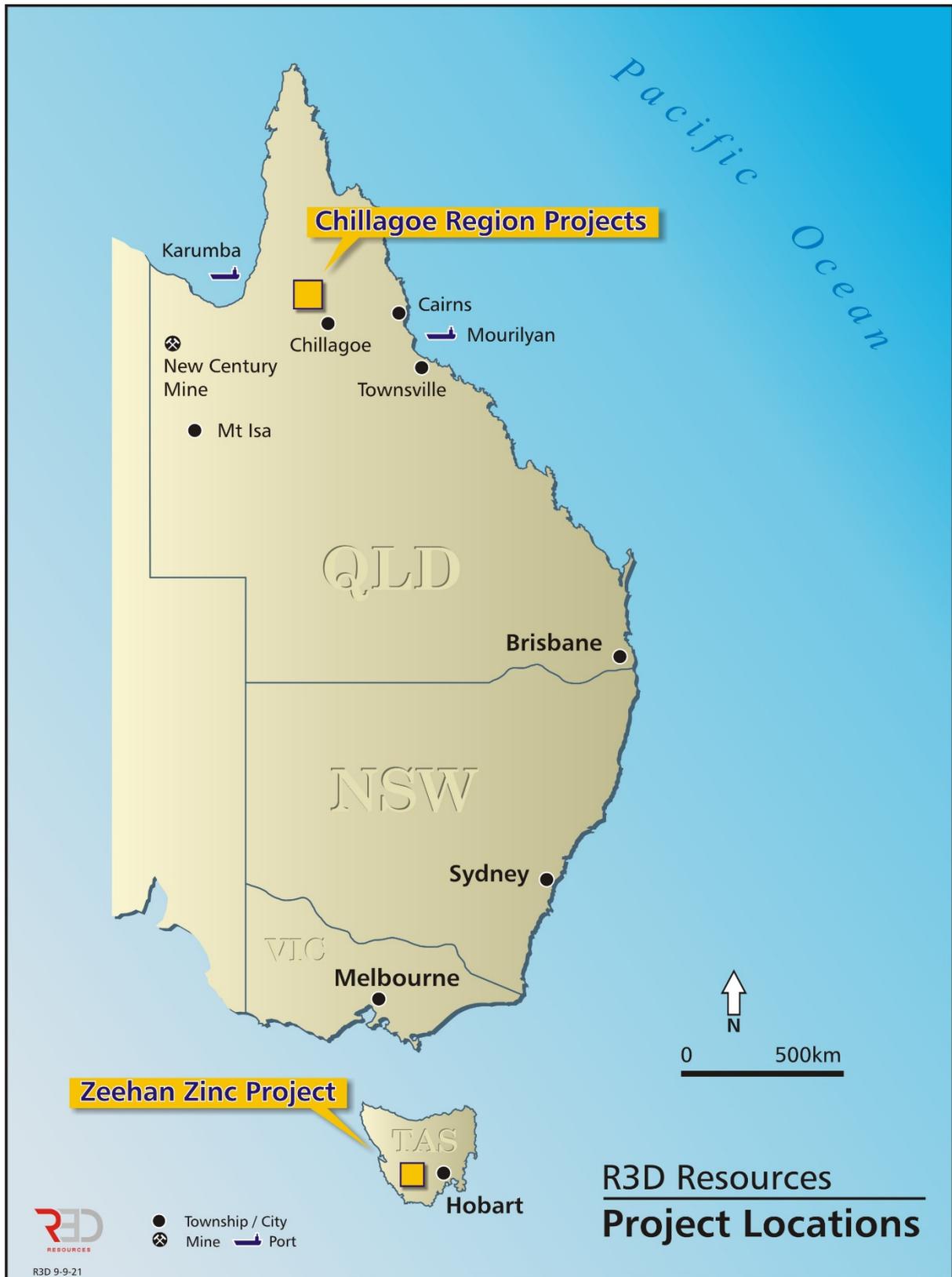
During 2022 we have focused on the refurbishment of the heap leach – solvent extraction crystallisation plant at Tartana where the sales of future copper sulphate production is expected to supplement existing cash flows from Zeehan low grade zinc furnace slag/matte exports.

Our exploration activities during the year have focused on drilling to increase copper resources and to establish zinc resources at Tartana while also consolidating our regional project position with the exercise of both the Beefwood and Nightflower options at significantly reduced exercise prices.

In 2023 we are looking to capitalise on the above work and implement the following activities:

- Plant commissioning and a ramp up in copper sulphate production
- Increasing both primary and secondary copper resources on the Tartana mining leases
- Reporting a maiden resource for the Queen Grade zinc project
- Reporting both Cardross copper-gold and Mountain Maid gold resources
- Commissioning the HeliTEM survey over priority areas on the Bulimba- Beefwood project areas to identify conductors and implement follow up scout drilling programme
- Field reconnaissance mapping, sampling and scout drilling on the Bellevue and Ok South copper projects and the Nightflower silver project
- Investigate opportunities for value-adding consolidation in the Chillagoe region

We expect 2023 will be an exciting year as we step up exploration which itself is expected to be financed by forecast cash flow from our cash generating projects.



Managing Director Review

The year to 30 June 2022 has been an active year in which the Company has moved forward in several important areas. On the operational front, we received our Stage 2 permit for crushing and accessing the northern stockpile at Zeehan (Tasmania) which has meant low grade zinc furnace slag/matte shipments resumed in September 2022 after a brief hiatus from May 2022. We are also well advanced on the restart of copper sulphate production on the Tartana mining leases near Chillagoe despite experiencing some delays due to broader industry demands. We expect to commence progressive plant commissioning in December 2022 with a careful ramp up in production over the wet season.

In exploration we have one of the dominant tenure positions in the Chillagoe region and during the year we have extended that position by exercising options, at significantly discounted prices, over both the Beefwood and Nightflower projects. We are now waiting on the transfer of the EPMs by the Minister for the Department of Resources.

Most exploration work during the year has been within the Tartana mining leases with the drilling of Queen Grade zinc project, a new copper target and in pit copper mineralisation. Drilling on Queen Grade intersected a high-grade zone (12m at 10.7% Zn) announced on the 21 October 2022 and which demonstrated ore zone continuity and zinc mineralisation remaining open at depth.

The confirmatory drilling programme targeting shallow copper mineralisation in the base of the open pit led to the estimation of a 1.9Mt @ 0.56% Cu for 10,825 Cu tonnes (combination of Indicated and Inferred at 0.2% Cu cutoff grade) resource which was reported to the ASX on the 21 September 2022. The mineralisation was expected to be suitable for heap leaching but was found to be largely primary (chalcopyrite) ore from leach tests. Accordingly, the Company reassessed the resource as potential feed for traditional sulphide flotation although this may require an upgrade in the resource quantum. Hence part of the current drilling is targeting deeper open pit copper mineralisation to enable a re-estimation of the resource to 100 metre depth.

Before discussing the projects in more detail, I would like to thank all our team members and consultants for delivering a very productive year. Since our listing on the 22 July 2021, we have exported more than 170,000 tonne of low-grade zinc furnace slag/matte out of the Burnie Port, drilled more 3,000 m in exploration across the Tartana mining leases and a further 1,600 m in confirmatory resource drilling. We have also flown a 2700-line km in Falcon Gravity/Magnetic surveying across the Bulimba and Bellevue EPMs and associated interpretation. Of course, this has been on a background of the copper sulphate plant refurbishment.

The strategy of the Company is to be self-funding while focusing on exploring large copper-gold-zinc targets that individually would be ‘company makers’ if exploration proves successful.

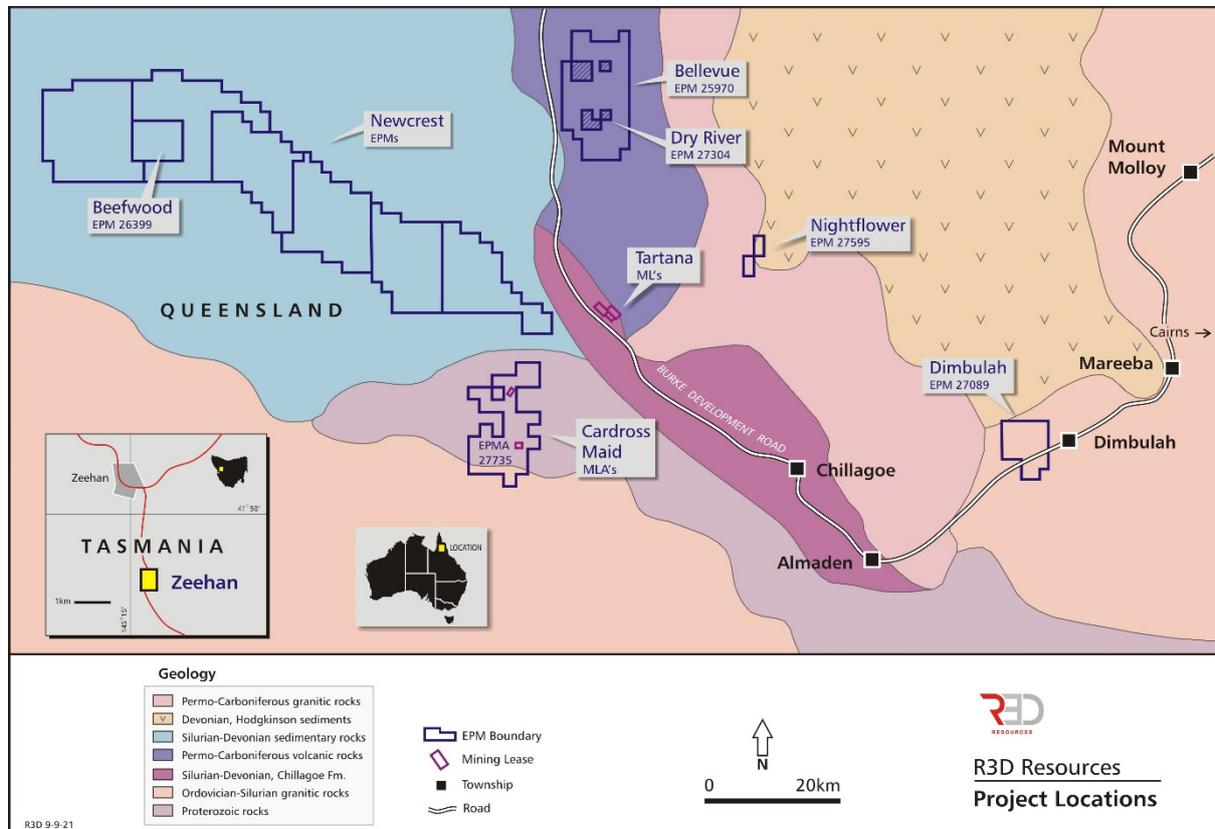


Figure 1. Project locations.

Tartana Mining Lease Projects

The Tartana mining leases have exploration targets including conventional copper targets below and along strike from the open pit as well as the Queen Grade zinc target.

In addition, the mining leases contain a heap leach – solvent extraction – crystallization plant which produced copper sulphate for approximately a decade before being placed on care and maintenance in 2014. The copper for this plant has been sourced by mining shallow oxide copper ore from the open pit.

Our activities in FY 2022 have focused on testing the large IP anomalies, extending the Queen Grade zinc mineralisation to greater depths and proving up mineral resources in the open pit on a background of refurbishing the plant for a staged commissioning in late CY 2022.

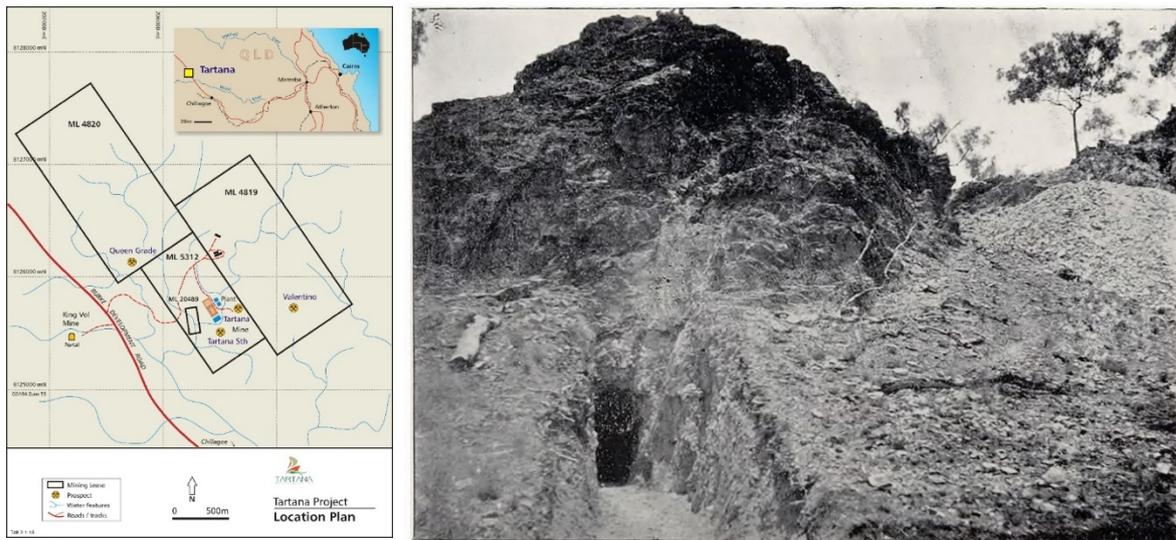


Figure 2. 2(a) Tartana mining leases and infrastructure.2(b) A 1902 photo of Tartana Hill looking eastwards (Source: Annual Report of the Under Secretary for Mines 1902).

Tartana Copper Sulphate Project

Refurbishment work on the solvent extraction – crystallization plant has achieved a number of milestones, and which have been managed by our new Chief Operating Officer (Scott Jones) and Plant Manager (Mat Hancock & SSE). Key items include:

- Securing the dryer and installation has commenced
- Tank assessment completed, repairing existing tanks or ordering of required replacement tanks in progress
- Testing of the organics
- Repair of Centrifuge
- Purchase of new acid tank
- Purchase and installation of new generator and generator control panel
- Construction of new control panel in progress

On the technical side, Consultant Process Engineer Oliver Kloiber-Deane has developed the process flow sheet. Significant outstanding work now involves the installation of a new control panel and associated wiring as well as miscellaneous replacement of various pipes, pipe supports, flanges, the servicing of pumps and the installation of replacement tanks.

Discussions with potential offtakers are also well advanced and we expect to announce a preferred partner in the near future.



Figure 3. Aerial view of the Tartana mine site in August 2022.

Tartana Exploration and Confirmatory Drilling

In 2021 exploration drilling tested two prominent geophysical IP targets east of the main open pit trend line of mineralisation. Disappointingly the IP anomalies reflected low grade pyrite-chalcopyrite mineralisation but nevertheless the testing was warranted as a successful outcome could have changed the operational planning.

Data gained from the drilling has refocused the Company's attention to the in-pit copper mineralisation with one of the earlier drillholes indicating copper mineralisation extends to at least 450 metres below the pit floor.

Recent drilling at Tartana has focused on three targets:

- Confirmatory resource drilling for mineralisation in the pit
- Testing zinc mineralisation extensions at Queen Grade zinc project
- Testing a new copper target
- Confirmatory resource drilling on the northern oxide zone
- Testing EM targets north of the open pit

In the case of the confirmatory resource drilling for in pit mineralisation, the Company reported an Indicated and Inferred resource totaling 10,825 tonne of copper on the 21 September 2022, and which ranged from 10 to 40 metres in depth below the open pit floor (see Figure 4).

Originally logged as supergene mineralisation, it was later identified from leach testwork that it was predominantly primary chalcopyrite mineralisation. While this means it is unsuitable for heap leaching, it did indicate the potential for a significant primary chalcopyrite orebody. Additional confirmatory drilling is now being conducted to enable the estimation of a

primary (chalcopryite) resource to a depth of approximately 100 metres. A low cutoff grade was initially applied for the resource estimation in line with costs associated with a heap leach processing route but there are higher grade zones which appear using higher cut off grades.

Resource Category	Tonnes (Kt)	Cu Grade (%)	Density (t/m ³)	Contained Cu (t)
Indicated	1354	0.55	2.63	7447
Inferred	579	0.59	2.63	3416
Total	1933	0.56	2.63	10825

Figure 4. Initial Mineral Resource Estimates using a 0.2% Cu Cutoff Grade to a depth ranging from 10 – 40 metres from the pit floor. Reported to the ASX on 21 September 2022.



Figure 5. Queen Grade Zinc drilling with Jihad Malaeb (Chairman), Steve Bartrop (MD), Mat Hancock (Plant Manager) Ivar Storrønning (Technician), dated 10 July 2022.

Drilling the Queen Grade zinc horizon was successful with TDH24 returning 12 m at 10.7% Zinc (downhole) as reported to the ASX on 21 October 2022. While we are still waiting on the assays for subsequent drillholes, the intersection did demonstrate zinc mineralisation continuity which remains open at depth (see Figure 6).

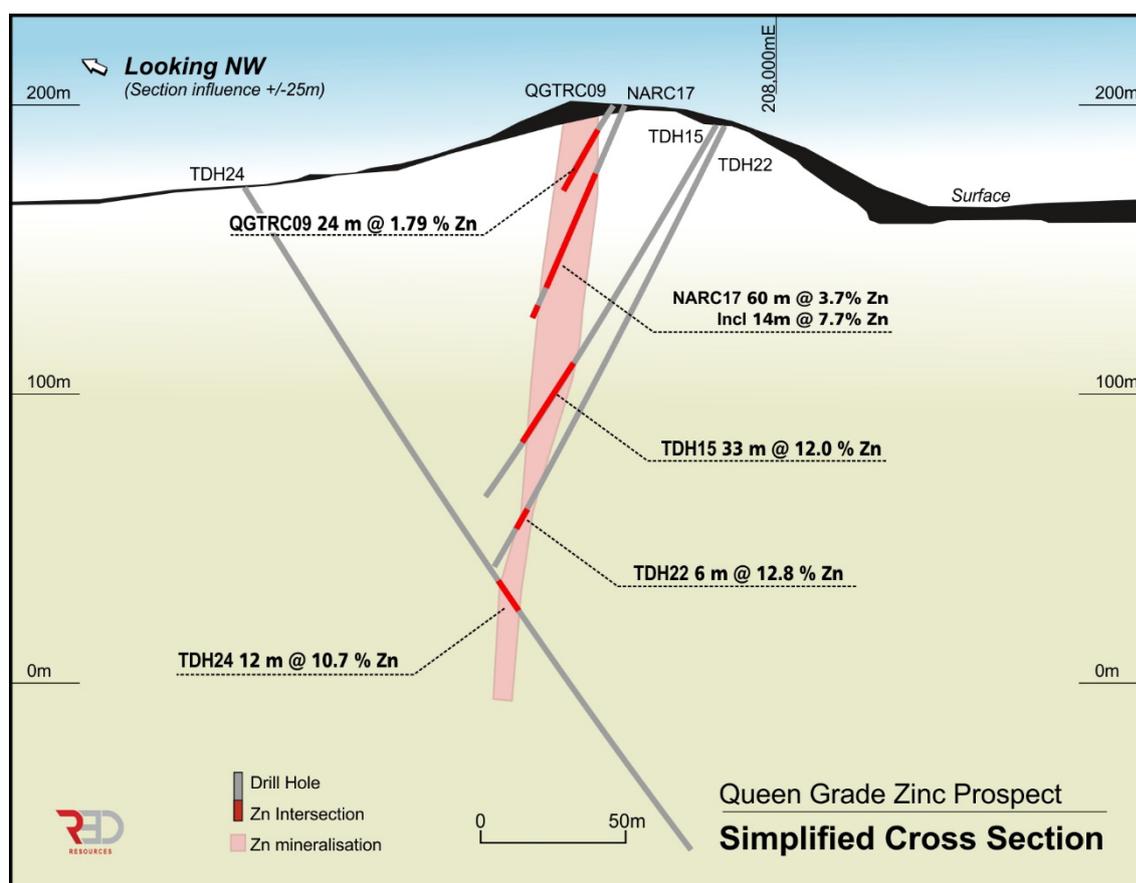


Figure 6. Queen Grade Zinc section highlighting the position of the TDH24 intersection (see ASX announcement dated 21 October 2022).

Unfortunately, the testing of a new copper target did not return any significant mineralisation. More recent confirmatory drilling of the northern oxide zone is in progress and is expected to be completed by mid-November 2022. Figure 7 outlines the drill sections.

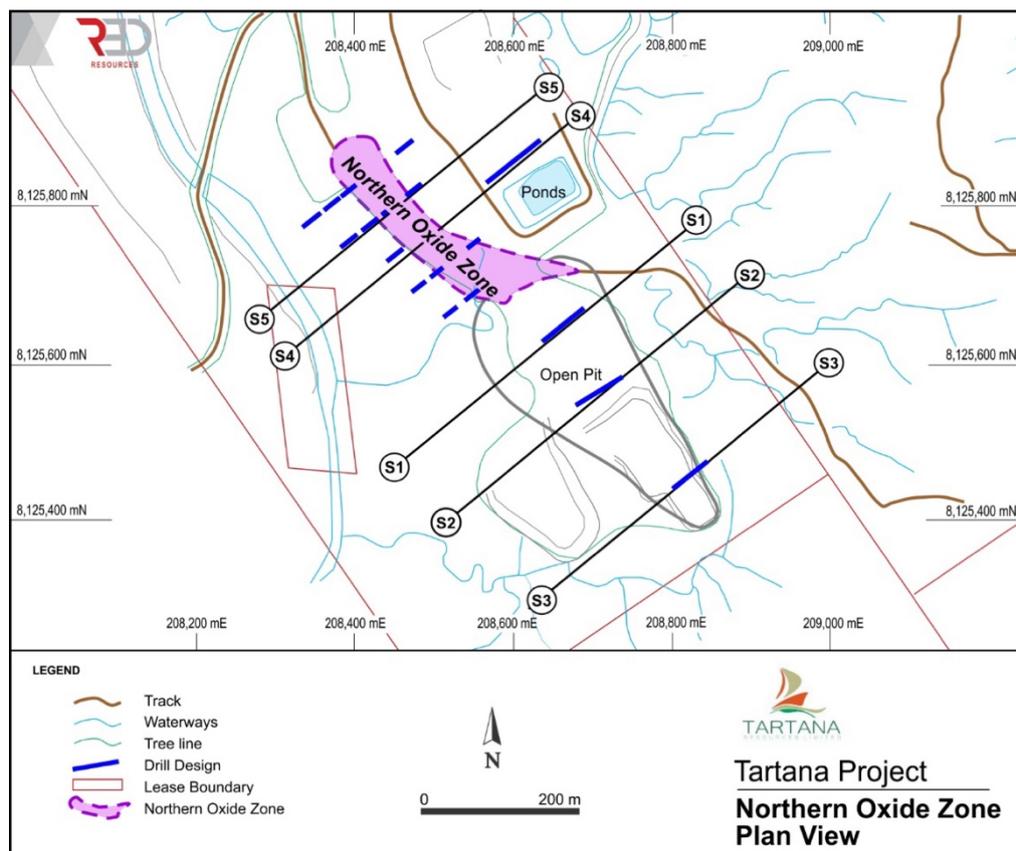


Figure 7. Drill section lines for the Northern Oxide Zone.



Figure 8. 8(a) RC drilling of the Northern Oxide Zone 8(b) Significant shareholders inspecting the open pit.

Regional Exploration - Bulimba, Beefwood and Bellevue Projects

The **Beefwood Project** has been subject of an option agreement with Three Rivers Prospecting Pty Ltd and Mr Michael Thompson. An agreement was reached earlier in the year where the Company would exercise its option at a significantly reduced exercise price of \$185,000 in R3D Resources shares.

The option exercise payment requires the EPM transfer and which is subject to Ministerial approval.

The **Bulimba Project** covers six EPMs west of the Tartana mining leases and is subject to the Bulimba agreement with Newcrest Mining Limited.

The Beefwood project falls within the broader Bulimba project area, and it has been agreed with Newcrest to defer the proposed HeliTEM survey until the 2023 dry season which is expected to coincide with the transfer of the Beefwood tenement to the Company.

The proposed HeliTEM Survey is a significant undertaking given the size of the combined Bulimba – Beefwood project area (1250 km²) and it is important that the tenure is secure.

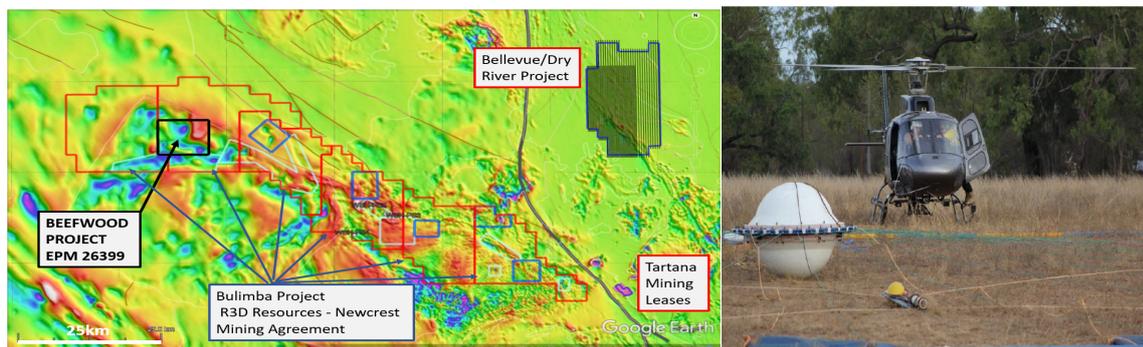


Figure 9. 9(a) Proposed HeliTEM survey area. 9(b) CGG helicopter and survey equipment.

The **Bellevue (Dry River) Project** is held 100% by R3D through its subsidiary, Mother Lode Pty Ltd.

A number of exploration targets have emerged following 2021 Falcon Gravity/Magnetic survey and combined with outcropping mineralisation, represent priority target areas. This includes the Ok Copper Mines area where the magnetics have identified an underlying structure which may connect the various deposits (blue structure on Figure 10).

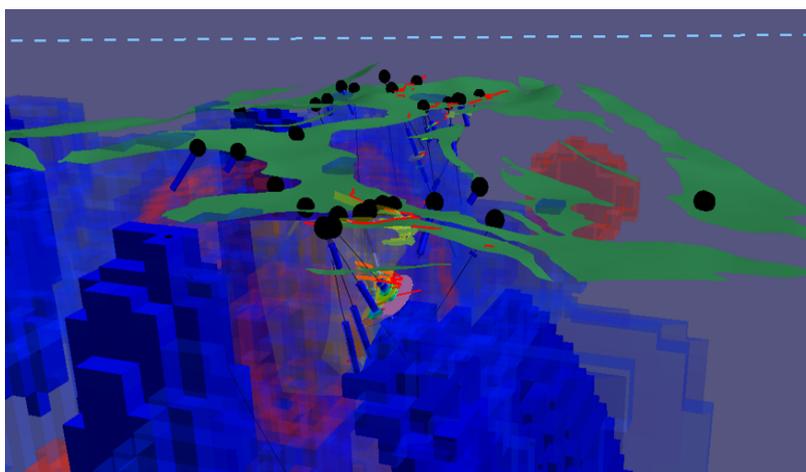


Figure 10. 10(a) Falcon magnetics over the Ok Mines area. Mineralised trends in red. Cross cutting structure in blue below.

The OK South EPM application was submitted during the year as geological structures and lithologies were found to continue southeast from the Bellevue project area and into untenured ground (see Figure 11).

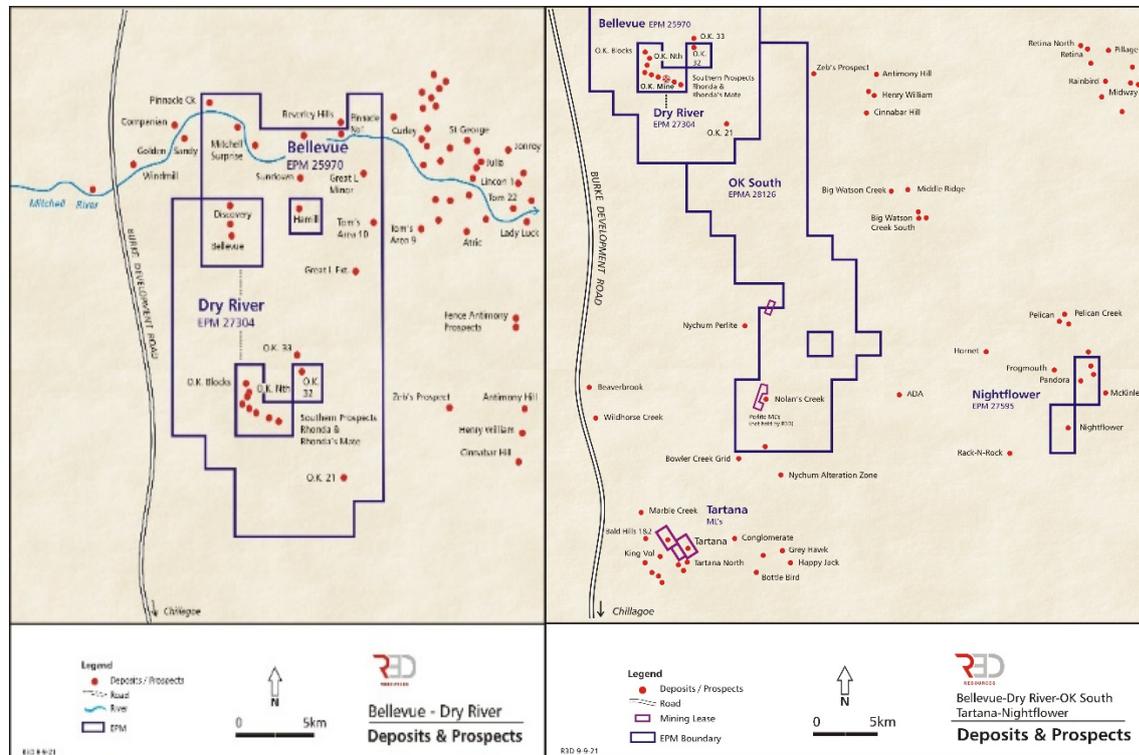


Figure 11. 11(a) Bellevue – Dry River EPM with the location of prospects. 11 (b) The contiguous OK South EPM application including prospect locations.

Cardross and Maid Mining Lease Applications and EPM 27735

Mining Lease Applications ML 100271 and ML 100270 and EPM 27735 cover the Mountain Maid and Cardross Projects copper/gold projects. These projects have been the subject of several drilling and mapping programmes by previous explorers with the results demonstrating high levels of prospectivity for a variety minerals.

The Mountain Maid prospect was discovered by Cyprus Amax in the 1990s with its discovery hole reporting 275 m at 0.3g/t Au including 60 m @ 0.7 g/t Au at the top of the hole (note: intersection may not meet JORC 2012 standards, ref: Wilkins 1996).

At Cardross, small scale historical production is recorded at 18,300 tonnes yielding 2,000 tonnes of Cu, 2,200 oz Au and 87,000 oz Ag from the Chieftan mine. Landowner agreements for both MLAs have been completed and native title negotiations are now in progress.

EPM 27735 surrounds the MLAs and itself includes several attractive prospects which have been subjected to minimal exploration in the past. However, the initial priority is to report a maiden Cardross copper-gold resource as well as upgrade the Mountain Maid JORC 2004 gold resource to JORC 2012 standards.

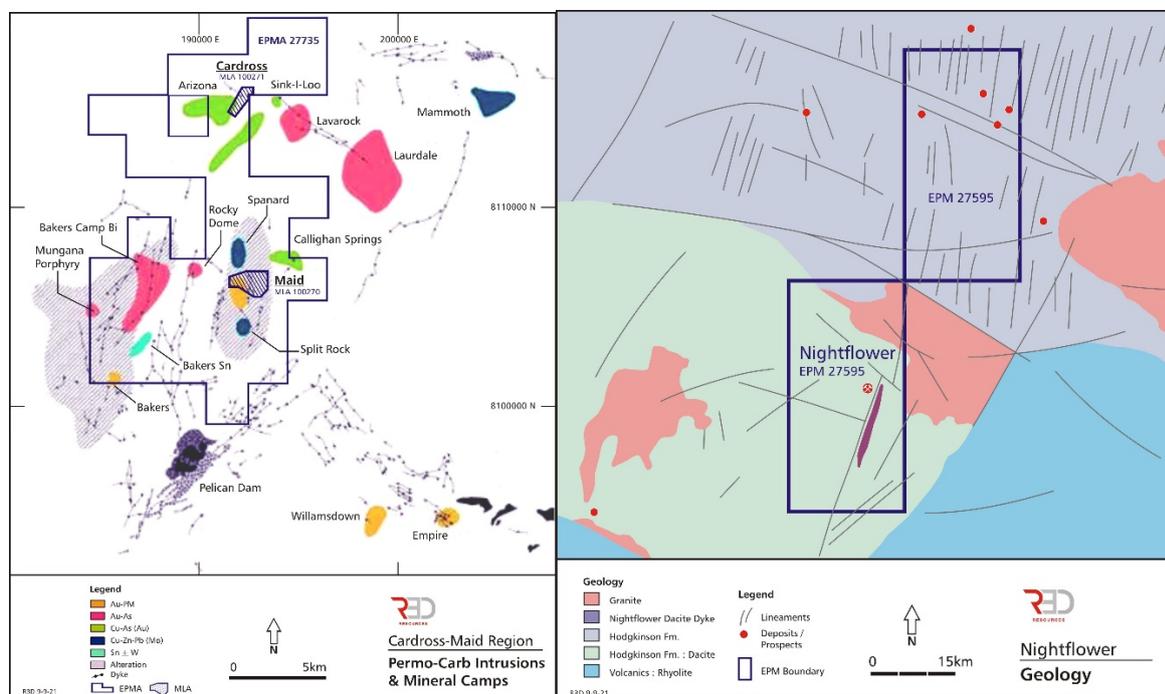


Figure 12. 12(a) Mineral prospects and alteration in the Cardross – Mountain Maid project area. 12(b) Geology of the Nightflower silver project.

Nightflower Silver Project

The Nightflower Silver Project covers a high-grade silver-lead-zinc lode which 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 13.

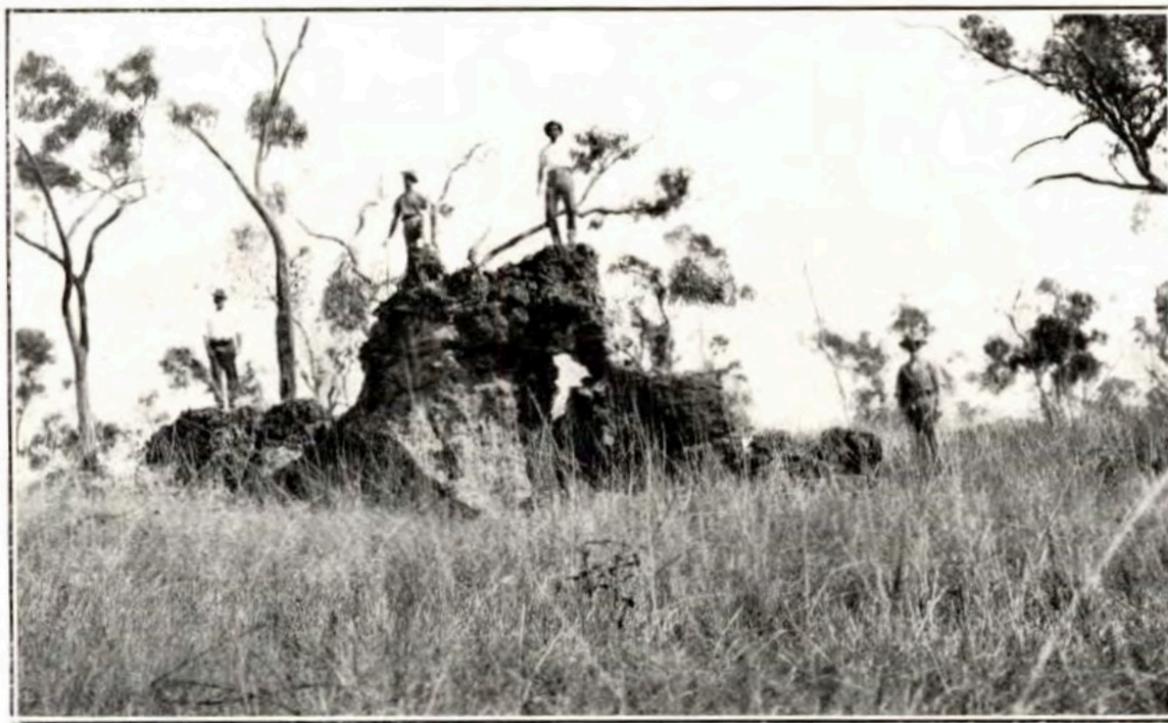
Exploration Target Tonnage		Ag Grade (g/t)		Au Grade (g/t)		Ag Eq (g/t)		Ag Eq Contained Metal	
Low	High	Low	High	Low	High	Low	High	Low (Moz)	High (Moz)
2,749,081	5,360,372	89	146	0.35	0.42	134	193	17.0	23.0

Figure 13. 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. $Ag\ Eq = Ag + (Au * 56) + (Cu * 10) + (Pb * 3) + (Zn * 1) + (Sb * 11)$.

The Company has also conducted rock chip sampling and which returned maximum values of 60.1% lead, 21.1% zinc, 2600 g/t Ag and 1.51 g/t Au reaffirming the high grade nature of the deposit (see ASX announcement dated 30 August 2022).

Following the re-estimation of the Exploration Target, the Company decided to exercise its option to purchase the Nightflower Silver Project (EPM application 27959) at a negotiated reduced exercise price of \$250,000, payable in R3D Resource's shares priced at 10 cents per share.

With the exercise of the option the Company can focus on expanding and upgrading a JORC 2004 Inferred Resource reported by Axiom Mining to the ASX on the 26th September 2008 for the Digger Lode. Future exploration will also target the Terrace prospect which is a strike extension of the Digger Lode.



[P. L. Goddard, Photo.]
NIGHTFLOWER SILVER-LEAD LODE, MAIN OUTCROP.

Figure 14. Historical picture of the original Nightflower outcropping lode. Source: Queensland Government Mining Journal 1923.

Zeehan Zinc Low Grade Furnace Slag/Matte

The Tasmanian zinc project has low grade furnace slag/matte stockpiles near Zeehan. The Company has been excavating and screening the slag and exporting the material to South Korea through the Burnie Port. During the year our Stage 2 permit was granted and which allows access to the Northern Stockpile and to crush both the Northern and Southern stockpile slag. To-date more than 300,000 tonnes of slag has been exported with details of the shipments outlined in Figure 15.

Shipment	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
1	25-Sep-20	M/V Dalarna	21,988
2	20-Nov-21	M/V Pan Bonita	21,831
3	26-Mar-21	M/V Maputo	27,886
4	09-May-21	M/V Zephyr Venture	21,930
5	08-Jun-21	M/V Arcadia	19,007
6	02-Jul-21	TS Flower	19,002
7	01-Aug-21	M/V Sea Smile	20,000
8	5-Sep-21	M/V Gullholmen Island	22,020
9	03-Oct-21	M/V Maria	22,006
10	10-Nov-21	M/V Uni Blossom	23,759
11	12-Dec-21	M/V Sakura Fortune	22,018
12	28-Jan-22	M/V Ravni Korari	10,208
13	04-Mar-22	M/V Basic Brave	20,438
14	04-May-22	M/V Southgate	22,000
15	23-Sep-22	M/V Key West	11,004
Total to-date			305,097

Figure 15. Zeehan low grade furnace slag/matte shipments.

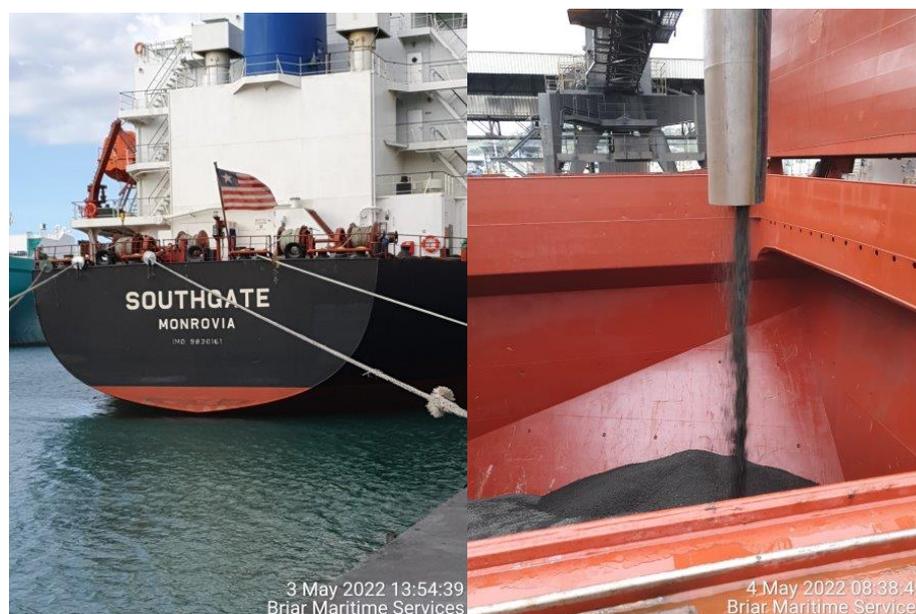


Figure 16. The loading of the MV Southgate in May 2022.

Tenement Schedule

Tenement Number	Status	Application Date	Granted Date	Expiry Date	Current Area/Unit	Current Expenditure	Current Rent
Mother Lode Pty Ltd							
EPM25970	Granted	9/06/2015	10/12/2015	9/12/2025	9 Sub-Blocks	no minimum	\$1,547.01
EPM27089	Granted	31/10/2018	23/05/2019	22/05/2024	25 Sub-Blocks	\$152,000.00	\$4,297.25
EPM27220	Application	1/03/2019			16 Sub-Blocks		
EPM27304	Granted	7/06/2019	21/01/2020	20/01/2025	70 Sub-Blocks	\$34,400.00	\$12,032.30
EPM28126	Application	9/11/2021			61 Sub-Blocks		
Newcrest Operations Limited							
EPM26530	Granted	2/05/2017	20/11/2017	19/11/2022	72 Sub-Blocks	unknown	\$12,376.08
EPM26531	Granted	2/05/2017	20/11/2017	19/11/2022	60 Sub-Blocks	unknown	\$10,313.40
EPM26532	Granted	2/05/2017	20/11/2017	19/11/2022	63 Sub-Blocks	unknown	\$10,829.07
EPM26533	Granted	2/05/2017	20/11/2017	19/11/2022	62 Sub-Blocks	unknown	\$10,657.18
EPM26738	Granted	20/12/2017	2/08/2018	1/08/2023	75 Sub-Blocks	unknown	\$12,891.75
EPM26740	Granted	20/12/2017	2/08/2018	1/08/2023	87 Sub-Blocks	unknown	\$14,954.43
Oldfield Exploration Pty Ltd							
EPM18864	Granted	8/09/2010	30/05/2012	29/05/2022	2 Sub-Blocks	no minimum	\$343.78
EPM18865	Granted	9/09/2010	13/06/2012	12/06/2022	3 Sub-Blocks	no minimum	\$515.67
Riverside Exploration (QLD) Pty Ltd							
EPM27735	Granted	2/11/2020	1/02/2022	31/01/2026	35 Sub-Blocks	\$125,400.00	\$6,016.15
ML100270	Application	30/10/2020			182 Hectares		
ML100271	Application	30/10/2020			83.37 Hectares		
Tartana Resources Pty Ltd							
ML20489	Granted	19/01/2006	1/12/2011	31/12/2032	1.9911 Hectares		\$132.84
ML4819	Granted	25/06/1970	14/03/1974	31/03/2025	129.5 Hectares		\$8,634.60
ML4820	Granted	25/06/1970	14/03/1974	31/03/2025	129.5 Hectares		\$8,634.60
ML5312	Granted	7/03/1988	2/11/1989	30/11/2031	63.1 Hectares		\$4,250.88
Wayne Thomas Saunders							
EPM27595	Granted	13/07/2020	23/02/2021	22/02/2024	4 Sub-Blocks	no minimum	\$687.56

Annual mineral resources statement

Zeehan zinc slag before mining

Zeehan Zinc Slag Indicated Mineral Resource	Tonnes	Grade	Contained Metal
Slag in stockpiles	469,000		
Zinc Grade		13.3%	62,377 t
Lead Grade		1.7%	7,973 t
Silver Grade		53.0	799,171 oz

Zeehan Slag Reconciliation

Item	Zeehan Low Grade Zinc Furnace Slag/Matte (tonnes)
Indicated Resource	469,000
Resource adjustments (density and ground level variation)	52,907
Less total excavation, screening and trucking to 30 June 2022	294,093
South Dump remaining	122,000
North Dump remaining	-
Total Remaining Indicated Resource as at 30 June 2022	122,000

Tartana pit copper resource

Resource Category	Tonnes (Kt)	Cu Grade (%)	Density (t/m ³)	Contained Cu (t)
Indicated	1657	0.47	2.63	7788
Inferred	610	0.57	2.63	3477
Total	2267	0.5	2.63	11265

Resource Category	Tonnes (Kt)	Cu Grade (%)	Density (t/m ³)	Contained Cu (t)
Indicated	1354	0.55	2.63	7447
Inferred	579	0.59	2.63	3416
Total	1933	0.56	2.63	10825

The above resource was first reported to the ASX on 21 September 2022.

Competent person statement

Mr Geoff Reed and Mr Tom Saunders are responsible for the form and context of the Inferred Resource statement above. Mr Geoff Reed and Mr Tom Saunders have 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.

Mr Geoff Reed is a Geological Consultant with Blues Point Mining Services Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Saunders is an employee of the Company as Manager – Technical Services and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The governance arrangements and internal controls involve using a combination of external consultants and internal employees for resource estimation and the use of external data such as lidar surveys, geophysics etc. to constrain mineralisation trends.

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 year ended 30 June 2022 (together, “the Group”).

DIRECTORS

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

Richard Ash (Non-Executive Director, Member of the Audit and Risk Committee,) appointed 20 July 2021

Education: BEc Memberships: CA

Richard Ash has more than 30 years of experience in funds management, finance and principal investment in Australia, Asia and the UK. Prior to forming AAP Capital to advise family offices on investments, Mr Ash was a Managing Director, Head of Asset Finance for Developed Asia, and a member of the Australian executive team for Nomura Australia. Richard is Chairman of Lakes Blue Energy. He has also worked at Westpac, Macquarie Bank and KPMG. Richard has a keen interest in decarbonization and the associated structural change.

Dr Stephen Bartrop (Executive Director, Member of the Nomination and Remuneration Committee, Managing Director), appointed 20 July 2021

Education: PhD, BSc (Hons), Grad. Dip. Securities Instit. MAusIMM, F Fin, FAIG, GAICD.

Steve's professional experience spans more than 30 years covering periods in both the mining industry and financial sector. With a geology background, Steve has worked in exploration, feasibility and evaluation studies and mining in a range of commodities and

in different parts of the world. In the financial sector, Steve has been involved in research, corporate transactions and IPOs spanning a period of more than 20 years, including senior roles at JPMorgan, Bankers Trust and Macquarie Equities.

Steve is also Chairman of Stibium Mining Pty Ltd, and is a director of South West Pacific Bauxite (HK) Ltd, a company developing a bauxite project in the Solomon Islands. He is also Chairman of Breakaway Research Pty Limited.

Bruce Hills (Executive Director), appointed 20 July 2021

Education: BCom, CA (NZ)

Bruce is an accountant and is currently an Executive Director of Breakaway Investment Group Pty Limited which operates the Breakaway Private Equity Emerging Resources Fund. Bruce is a Director of a number of unlisted companies in the mining and financial services sectors including South West Pacific Bauxite (HK) Ltd and Stibium Australia and a former Director of The Risk Board. Bruce has 35 years' experience in the financial sector including 20 years in the banking industry primarily in the areas of strategy, finance and risk.

Mr Michael Thirnbeck (Non-Executive Director, Member of the Nomination and Remuneration Committee and the Audit and Risk Committee, appointed Chairman of the Audit and Risk Committee on 19 September 2022)

Mr Thirnbeck is an experienced geologist with over 25 years in managing numerous mineral development projects in Papua New Guinea, Indonesia and Australia. He has been a Member of the Australasian Institute of Mining and Metallurgy since 1989 and holds a B.Sc. (Hons.) degree from University of Queensland.

Mr Jihad Malaeb (Non-Executive Director, appointed 15 June 2022, Member of the Audit and Risk Committee, appointed 19 September 2022).

Mr Malaeb is an experienced entrepreneur across a number of industries, including hospitality and construction, as well as having significant experience in mineral exploration and mining operations – both as an active investor and company director. He currently owns and operates a portfolio of hospitality businesses and real estate across Australia, which have been built over the past 30 years. Mr Malaeb is a former Non-Executive Director of Critical Resources Limited (ASX: CRR), where he helped steer CRR through the past few years as one of its largest shareholders and as a board member.

Mr Malaeb is a material shareholder in R3D, having participated in the Company's placement and entitlements issue in May 2022.

Robert Waring (Non-Executive Director, Chairman of the Nomination and Remuneration Committee and the Audit and Risk Committee), appointed 20 July 2021, resigned on 31 July 2022. Appointed as Company Secretary 23 March 2021, resigned as company secretary on 31 July 2022.

Education: B Econ, CA, FCIS, FFin, FAICD, MAusIMM

Robert Waring has over 40 years-experience in financial accounting and company secretarial roles, principally in the resources industry. He has previously been a director of two ASX listed companies and is currently the company secretary of three other public companies listed on ASX. Robert has specialist skills in the preparation of company prospectuses, due diligence work and financial assessment of projects and companies. He has a keen interest in the equity markets. Robert is a founding Executive Director of Oakhill Hamilton Pty Ltd.

Mr Daniel Yeo Chin Tuan (Non-Executive Director), resigned 20 July 2021.

Mr Yeo has over 25 years' experience in senior executive roles in a wide range of corporate and commercial roles.

Previously, he served as the CEO of Man Financial (S) Pte Ltd (now known as MF Global Singapore). He also served as a Vice President of Red Co Singapore and pioneered the Singapore futures and options market, building a distinguished track record servicing high net worth client in foreign exchange and bullion trading. Mr Yeo has served as an Independent Director of Top Global Limited since 2010. He previously served as a Director of ING Futures & Options (S) Pte Ltd, and as an Executive Director of UOB International Treasury.

Dr Tiffany Tsao (Non-Executive Director), resigned 20 July 2021.

Dr Tsao holds a PhD from the University of California, Berkeley, USA. She is currently a writer and editor of books that have been published by Amazon. She is an honorary associate at the University of Sydney, Australia. In the past, she has held teaching positions as lecturer in the University of New South Wales, University of Newcastle and Georgia Institute of Technology in Atlanta, Georgia, USA.

Mr Muljadi Irawan (Non-Executive Director), resigned 20 July 2021.

Mr Irawan holds a Bachelor of Commerce, majoring in Management Information Systems from the University of British Columbia, Vancouver Canada. After graduating from the University of British Columbia, Mr Irawan has helped to develop and expand PT Bintang Group, an Indonesian domiciled company with a diversified investment portfolio including property, renewable energy power plants, water treatment and mining, and focussing on a shipping business.

Mr Irawan was formerly a director in charge of operations at PT Sultra Prima Lestari, a palm oil company in Kendari, Southwest Sulawesi, Indonesia.

COMPANY SECRETARY

Mr Robert Waring, appointed as Company Secretary on 23 March 2021 and remained in office for the full financial year.

On 28 June 2022, **Mr Sonny Didugu** was appointed joint company secretary.

Mr Didugu is a corporate lawyer and advisor with significant corporate advisory, company secretarial and listed entity experience. Mr Didugu is a Member of the Australian Institute of Company Directors and holds a Bachelor of Laws (Honours).

On 31 July 2022, Mr Robert Waring resigned from his position as company secretary, with Mr Sonny Didugu remaining in the role.

DIRECTORS MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the financial year and the numbers of meetings attended by each Director were as follows:

	Board Meetings		Audit & Risk Committee	Nomination and Remuneration Committee
	No. Eligible	No. Attended		
Richard Ash	14	14	2	2
Robert Waring	14	14	2	2
Michael Thirnbeck	16	16	2	2
Stephen Bartrop	14	14	2	2
Bruce Hills	14	14	2	2
Jihad Malaeb	-	-	-	-
Daniel Yeo Chin Tuan	2	2	-	-
Tiffany Tsao	2	2	-	-
Muljadi Irawan	2	2	-	-

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration, specifically the focus on becoming a significant copper-gold explorer and developer in the Chillagoe Region

of north Queensland.

REVIEW OF OPERATIONS

The Group's net loss from continuing operations was \$(6,350,273) (2021: \$(2,142,382)). The net assets of the Group increased by \$3,252,229 from \$3,731,673 at 30 June 2021 to \$6,983,902 primarily due to the acquisition of Tartana and the public offer undertaken in the year (as described in more detail below).

ACQUISITION OF TARTANA

On 4 February 2021, the Company announced an off-market takeover offer for all the ordinary shares in Tartana Resources Limited (Tartana). The offer closed on 31 July 2021 and at that date the Company had a relevant interest in 99.89% of Tartana shares. The Company then proceeded with the compulsory acquisition of the remaining shares which was finalised on 1 September 2021. As at 30 June 2022, R3D owns 100% of Tartana.

Two material conditions precedent to the Implementation Deed were firstly the ASX approval of the re-listing of R3D Resources and secondly the completion of a public offer of R3D shares with a minimum subscription for 21,250,000 FPO shares at 20 cents a share to raise \$4.25 million. Both these conditions were met with the Company advising the market on 12 July 2021 that the offer had been fully subscribed and R3D was reinstated by the ASX to official quotation on 22 July 2021. The other terms and conditions of the Implementation Deed were completed by 20 July 2021.

The Company's 100% acquisition of Tartana resulted in the Company issuing the following:

- 75,533,698 shares to the existing shareholders of Tartana at \$0.20 per share;
- 15,106,740 options to the existing shareholders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;
- 13,500,000 options to existing option holders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;

The Company's public offer resulted in the Company issuing the following:

- 21,250,000 shares to investors in the public offer at \$0.20 per share;
- 4,250,000 options to investors in the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;
- 2,000,000 options issued to brokers under the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;
- On 20 July 2021, the Group announced completion of the Implementation Deed between Tartana and the Company including:
 - public offer of 21,250,000 FPO R3D shares at 20 cents a share raising \$4,250,000 (before costs); and
 - issue of 75,533,69 shares to the shareholders of Tartana at \$0.20 per share.
- On 29 July 2021, the Group repaid 2,500,000 convertible notes of \$0.20 each issued by Tartana under a Convertible Note Deed dated 18 December 2019 – total repaid including interest \$519,927.25.
- On 29 July 2021, the Group repaid a loan from Mr Craig Nettelbeck, a former Director of Tartana – total repaid plus interest \$85,735.
- On 30 July 2021, the Group commissioned Xcalibur / CGG Aviation Pty Limited with a contract value of \$472,555 to fly a Falcon gravity and magnetic survey over the Bellevue, Bulimba and Beefwood exploration projects.
- On 3 August 2021, the Group announced it entered into an exclusivity agreement potentially leading to an Options Agreement with Three Rivers Prospecting Pty Ltd and Michael Thompson to purchase the Beefwood project which is defined as EPM 26399. On 31 August 2021, the Company announced it had issued 1,925,000 shares to acquire the option to purchase the Beefwood Project. The Company had until 31 March 2022 to exercise the option with a purchase price of \$385,000 in shares priced at a one-month VWAP immediately prior to option exercise notification and a residual 1% NSR royalty on any production. The Company has a minimum expenditure commitment of \$125,000 prior to 31 March 2022. On 29 June 2022, R3D announced it had successfully re-negotiated the exercise price down to \$192,500 from \$385,000 (a 50% reduction), but otherwise on the same terms.

- On 14 September 2021, the Group announced it had secured the services of Associated Exploration Drillers Pty Ltd with an approx. contract value of \$330,000 to complete an exploration drilling campaign designed to test the priority copper targets represented by large IP anomalies immediately to the east and north of the Tartana open pit.
- On 17 September 2021, the Group submitted a revised Estimated Rehabilitation Cost (ERC) calculation for the Tartana Mine site to the Queensland Department of Environment (DES). This was in response to changes introduced under the Financial Provisioning Scheme (FPS) under the Mineral and Energy Resource (Financial Provisioning) Act 2018. While DES has estimated Tartana's ERC to be \$1,591,504, the Company's ERC based on the third-party quotes will increase the current FA to approximately \$922,856. This represents a shortfall of \$326,456 on the current financial assurance of \$586,400 and is in line with the amount budgeted for in the Prospectus issued on 26 May 2021.
- On 25 October 2021, the Group announced the appointment of Mr Mathew Hancock as the Plant Manager of the Tartana Copper Sulphate Plant. Mr Hancock responsibilities include the coordination and management of the refurbishment and restart of the heap leach – solvent extraction – crystallization plant on the Group's Tartana mining leases.
- On 31 January 2022, the R3D shareholders approved the proposed issue of 1,500,000 and 1,000,000 options to Mr Richard Ash and Mr Michael Thirnbeck respectively. These options were issued on 28 February 2022. The options are not listed and have an exercise price of \$0.40 and expire if not exercised by 14 July 2026. The first tranche of one third of the options vest immediately. The second tranche of one third of the options will vest on 17 December 2022. The final third of the options vest on 17 December 2023. In all three cases, vesting is conditional on Messrs Ash and Thirnbeck remaining Directors of the Company on the date the Options vest.
- On 3 February 2022, R3D announced that it had secured Mountain Maid Exploration Permit 27735 after becoming the preferred applicant by the Department of Resources. The permit surrounding the Group's Cardross and Mountain Maid mining lease applications.

- On 16 February 2022, the Group announced it had signed a Memorandum of Understanding (MOU) with listed company, Ark Mines Limited (AHK) enabling R3D to purchase and process oxide ore through its heap leach – solvent extraction – crystallization plant. The MOU providing the framework for the potential supply and sale of oxide copper ore with AHK and R3D working to facilitate this outcome.
- On 5 April 2022 and 26 May 2022, the Group finalised Tranche 1 and 2 involving \$500,000 placements through the issue of 5,000,000 fully paid ordinary share at \$0.10 per share to raise a total of \$1 million. In addition, on 26 May 2022, R3D announced that it had raised \$878,295 (before costs) from an entitlements issue of 8,782,954 shares at \$0.10 per share. Directors' participation in the entitlements issue, totalled \$324,378,
- On 15 June 2022, Mr Jihad Malaeb, a material shareholder in R3D, was appointed as a non-executive Director of the Company.
- On 24 June 2022, Mr Scott Jones was appointed as Chief Operating Officer, part of the executive management team, an experienced mining engineer with 34 years of experience in senior roles in the mining industry, commencing his role on 21 July 2022.
- On 28 June 2022, Mr Sonny Didugu was appointed joint company secretary until Mr Robert Waring stepped down from the role on 31 July 2022.
- On 15 July 2022, R3D 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. This amount raised included \$330,000 raised from the directors of the Company (being \$100,000 from each of Stephen Bartrop and Jihad Malaeb, \$70,000 from Richard Ash, \$40,000 from Michael Thirnbeck, and \$20,000 from Bruce Hills. The issue of these related party shares remaining subject to shareholder approval at the Company's Annual General Meeting in November 2022.

In addition, during the financial year, the Group exported 294,350 wmt of slag to South Korea through the Burnie Port with the last shipment departing on 4 May 2022. On 19 August 2022 the Group announced that they had received permits to enable access to the Northern Stockpile and to crush the remaining oversize slag from the Southern Stockpile. The first shipment under these new permits departed on 23 September 2022. Details of the shipments are set out in the Group's quarterlies, announced to the ASX during the financial year.

COVID 19

Whilst COVID 19 had no significant impact on the Company's operations during the financial year to 30 June 2022, there remains uncertainty and risk on our exploration programs and the re-start of the copper sulphate plant.

CORPORATE

As at 30 June 2022, there were 129,278,584 shares on issue and 37,145,809 options (exercise price \$0.40 on 14 July 2026). During the financial year, there were 75,533,698 shares issued following the takeover of Tartana Resources Limited, and 21,250,000 shares issued at \$0.20 under the 26 May 2021 Prospectus for the public offer, and 1,925,000 shares issued as consideration for the option to acquire the Beefwood Project. In the second half of the year, and up to the date of this report, the Company issued a further 22,125,454 shares at \$0.10 per share to raise a total of \$2,212,545 (before costs) through placements and an entitlements issue, as described in more detail above.

EMPLOYEES

At 30 June 2022, the Group had 7 full-time employees and 2 casual employee (2021: 5 full-time and 0 casual employee).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 3 December 2020, the Company entered into an Implementation Deed to acquire 100% of the issued capital of Tartana Resources Limited, a company with a portfolio of copper-gold exploration and mining assets. As outlined in the Review of Operations above, the transaction incorporated an off market takeover offer, a public offer of R3D shares and on the successful completion of the takeover and public offer the reinstatement to official quotation by the ASX on 21 July 2021.

There were no other significant changes to the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER REPORTING DATE

Since the balance date the following events have occurred:

- On 15 July 2022, R3D 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. This amount raised included \$330,000 raised from the directors of the Company (being \$100,000 from each of Stephen Bartrop and Jihad Malaeb, \$70,000 from Richard Ash, \$40,000 from Michael Thirnbeck, and \$20,000 from Bruce Hills. The issue of these related party shares remaining subject to shareholder approval at the Company's Annual General Meeting in November 2022.
- On 28 July 2022, the Company announced the resignation of Mr Robert Waring as a non-executive director of R3D. the resignation being effective, 31 July 2022.
- On 19 August 2022, the Group announced that it had received permits to enable access to the Zeehan Northern Stockpile and to crush the remaining oversize slag from the Southern Stockpile. The first shipment under these new permits departed on 23 September 2022.
- On 26 September 2022, The Group confirmed the first Zeehan shipment had left Burnie Port holding 11,004 tonnes destined for South Korea, with a further 120,000 tonnes remaining in the Northern Stockpile.

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.

OPTIONS OVER ORDINARY SHARES

At the date of this report there were 37,356,740 unissued shares of the Group under option, as set out below.

Options (Number)	Exercise Price (\$)	Expiry Date
37,356,740	0.40	14 July 2026

During the year, no options were exercised, cancelled, or expired.

Subsequent to 30 June 2022 up to the date of this report, no further options were issued. No options have been exercised or cancelled since the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on the expected results of operations of the Company are included in this report under the Review of Operations.

Disclosure of other information regarding likely developments in the operations of the Company in the future financial years were outlined in the Prospectus issued on 19 April 2022 and updated in the Review of Operations. Disclosure of the expected results of these operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds mining licenses issued by the Queensland Department of Resources 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.

Climate Change

The Group's 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 DIRECTORS, AUDITORS AND OFFICERS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

Indemnifying Officers

The Company has entered into agreements to indemnify directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid premiums to insure each of the current and former directors and senior executive officers of the Company against liabilities for costs and expenses incurred by them in defending legal proceeding arising from their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total premiums paid during the year are not disclosable under the policy and the insurance policies do not contain details of the premiums paid in respect of individual officers of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of R3D Resources Limited's key management personnel for the financial year ended 30 June 2022. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of key management personnel
- Key terms of employment contracts

KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the company during or since the end of the financial year were

Non-executive directors	Position
R Ash (appointed 20 July 2021)	Chairman, Non-executive director
R Waring (appointed 20 July 2021, resigned 31 July 2022)	Non-executive Director, Company Secretary
M Thirnbeck	Non-executive Director
J Malaeb (appointed 15 June 2022)	Non-executive Director
D Yeo Chin Tuan (resigned 20 July 2021)	Chairman, Non-executive director
T Tsao (resigned 20 July 2021)	Non-executive Director
M Irawan (resigned 20 July 2021)	Non-executive Director
Executive officers	Position
S Bartrop (appointed 20 July 2021)	Executive Director, Managing Director
B Hills (appointed 20 July 2021)	Executive Director
S Jones (appointed 24 June 2022, commenced on 21 July 2022)	Chief Operating Officer

REMUNERATION POLICY

The remuneration policy of Group has been designed to align key management personnel (“KMP”) objectives with shareholder and business objectives. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

At the date of this report. The Company had not entered into any remuneration packages with Directors or senior executives which include specific performance-based components. Long and short term incentives, may be awarded subject to Board discretion.

Fees and payments to the Company’s executive and non-executive directors reflect the demands which are made on, and the responsibilities of the KMP. Such fees and payments are reviewed annually by the Board. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Group’s principal activities and resultant earnings have changed considerably over the past three years and no remuneration is linked to performance conditions.

The following table shows the gross revenue, profits and dividends for the last 3 years for the Group, as well as the share prices at the end of the respective financial years.

	2022	2021²	2020²	2019²
	\$	\$	\$	\$
Revenue	10,485,989	241,778	306,475	249,554
Net profit/(loss)	(6,350,273)	(885,151)	(301,292)	(413,699)
Share price at year-end	0.115	0.055 ¹	0.055	0.038
Dividends paid	Nil	Nil	Nil	Nil

¹ R3D was suspended from official quotation on the ASX on 2 March 2020. On 22 July 2021, the Company was reinstated by the ASX to official quotation.

² Company performance of the former business of R3D Resources Limited (formerly R3D Global Limited), prior to the reverse acquisition of Tartana Resources Limited on 1 September 2021.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The tables below comprise the Key Management Personnel (“KMP”s) of the Company (legal parent entity) for the current and prior financial years. Included in Note 23 to the financial report, the remuneration tables for KMPs comprise the accounting parent (Tartana) for the entire year and the legal parent for the period from the reverse takeover on 20 July 2022 to 30 June 2022. The comparatives in Note 23 are for Tartana for the full year ended 30 June 2021.

2022 (continued)	Short-term Benefits	Post-employment Benefits	Share based payments¹	Total
	Salary and directors’ fees			
Executive Officers	\$	\$	\$	\$

S Bartrop	272,500	-	-	272,500
B Hills	222,570	-	-	222,570
S Jones	-	-	-	-
Total	817,480	179	58,623	876,282

2022	Short-term Benefits	Post- employment Benefits	Share based payments¹	Total
	Salary and directors' fees			
Non-executive directors	\$	\$	\$	\$
R Ash	47,260	-	35,185	82,445
R Waring ³	211,001	-	-	211,001
M Thirnbeck ⁴	61,356	-	23,438	84,794
J Malaeb	1,792	179	-	1,972
D Yeo Chin Tuan	1,000	-	-	1,000
T Tsao	-	-	-	-
M Irawan	-	-	-	-

2021	Short-term Benefits	Post- employment Benefits	Share based payments¹	Total
	Salary and directors' fees			
Non-executive directors	\$	\$	\$	\$
Daniel Yeo Chin Tuan	28,400	-	-	28,400
Michael Thirnbeck ²	-	-	-	-
Tiffany Tsao ²	-	-	-	-
Muljadi Irawan ²	-	-	-	-
Executive Officers				
Florence Fang	29,800	-	-	29,800
Total	58,200	-	-	58,200

¹ On 31 January 2022, the R3D shareholders approved the proposed issue of 1,500,000 and 1,000,000 options to Mr Richard Ash and Mr Michael Thirnbeck respectively. These options were issued on 28 February 2022. The options are not listed and have an exercise price of \$0.40 and expire if not exercised by 14 July 2026. The first tranche of one third of the options vest immediately. The second tranche of one third of the options will vest on 17 December 2022. The final third of the options vest on 17 December 2023. In all three cases, vesting is

conditional on Messrs Ash and Thirnbeck remaining Directors of the Company on the date the Options vest. No performance-based remuneration was paid in 2021.

² Non-executive Directors have foregone their fees and superannuation in the prior financial year.

³ Includes services provided for in relation to corporate secretary.

⁴ Includes consulting services provided

EMPLOYEE SHARE OPTIONS PLAN

The Company adopted an Employee Share Options Plan ("ESOP") at the Annual General Meeting held on 27 January 2021. The purpose of the ESOP is to provide incentives to senior staff to achieve the Company's long-term objectives and improve the long-term performance of the Company.

The options granted under the ESOP ("Employee Options") are issued for nil consideration, unless the Board resolves otherwise. The Employee Options are non-transferable. There is no obligation on the Company to apply for quotation of the Employee Options on the ASX. Option holders have no rights or entitlements to participate in dividends declared by the Company or rights to vote at meetings of the Company until that Employee Option is exercised.

Beneficiaries of the ESOP are employees and deemed employees. Eligible employees are full time or part-time employees or directors of the Company. Deemed employees are casual employees who have worked for the Company or a subsidiary for more than one year and consultants who have worked for the Company or a subsidiary for more than 6 months.

2,500,000 options under the ESOP were granted during the year to directors (30 June 2021: nil). 2,500,000 options remain outstanding as at 30 June 2022 (30 June 2021: nil).

KEY MANAGEMENT PERSONNEL'S INTERESTS

The number of shares in the Company held during the financial year by each Director of the Group, including their related entities, is set out below:

2022	Balance	On Takeover	Entitlements Issue	Changes	Balance at the
	at the start of the year				
Ordinary shares	No.	No.	No.	No.	No.
Non-Executive Directors					
Richard Ash	-	-	-	-	-
Robert Waring	-	1,951,000	397,200	46,497 ¹	2,394,697 ⁸
Michael Thirnbeck	-	1,000,000	200,000	-	1,200,000
Jihad Malaeb	-	-	500,000	4,000,000 ²	4,500,000
Daniel Yeo Chin Tuan	223,360 ³	-	-	(223,360) ⁴	-
Tiffany Tsao	-	-	-	-	-
Muljadi Irwan	-	-	-	-	-
Executive Officers					
Stephen Bartrop	-	7,128,873	1,603,777	890,000 ⁵	9,622,650 ⁶
Bruce Hills	-	2,729,029	545,808	-	3,274,837 ⁷
Scott Jones	-	-	-	-	-

¹ Acquired as portion of the shortfall of the Company's placement and entitlements issue in May 2022

² Acquired for cash consideration during Company placement and entitlements issue in May 22

³ Ordinary shares at beginning of the financial year have been re-stated on a post consolidation basis where every 10 shares have been converted to 1 share.

⁴ Resigned from the Board on 20 July 2021.

⁵ Acquired on market.

⁶ Held by director related entities, split 5,535,392 Fund on the Beach Superfund, 2,263,748 Troppo Resources Pty Ltd, 755,510 Seaside Property Investments, 90,000 Seaside Property Investments 2, 336,000 Fund on the Beach Superfund 2 and 642,000 Troppo Resources Pty 2 Ltd.

⁷ Held by director related entities, split 2,136,311 Bruce Hills Superfund and 1,138,526 Hills Calugay Family Trust.

⁸ Held personally and through director related entities, split 13,000 Robert Waring, 1,826,715 Warinco Services, 247,500 Warinco Services – Waring Super Fund, 28,500 Warring Services – Waring Super Fund 2 and 278,982 Warinco Services 2.

The number of options in the Company held during the financial year by each Director of the Group, including their related entities, is set out below:

2022	Balance at the	On takeover –	Changes	Balance at the	Options
	start of the	Conversion of	during	end of the	vested and
Options	year	Tartana	year ¹	year	exercisable
	No.	options	No.	No.	at end of
					year
Non-Executive Directors					
Richard Ash	-	-	1,500,000	1,500,000	500,000
Rob Waring	-	890,200	-	890,200	890,200
Michael Thirnbeck	-	200,000	1,000,000	1,200,000	533,333
Jihad Malaeb	-	-	-	-	-
Daniel Yeo Chin	-	-	-	-	-
Tuan	-	-	-	-	-
Tiffany Tsao	-	-	-	-	-

Muljadi Irwan	-	-	-	-	-
Executive Officers					
Stephen Bartrop ²	-	6,425,777	-	6,425,777	6,425,777
Bruce Hills ³	-	2,545,429	-	2,545,808	2,545,808
Scott Jones	-	-	-	-	-

¹ On 31 January 2022, the R3D shareholders approved the proposed issue of 1,500,000 and 1,000,000 options to Mr Richard Ash and Mr Michael Thirnbeck respectively. These options were issued on 28 February 2022. The options are not listed and have an exercise price of \$0.40 and expire if not exercised by 14 July 2026. The first tranche of one third of the options

vest immediately. The second tranche of one third of the options will vest on 17 December 2022. The final third of the options vest on 17 December 2023. In all three cases, vesting is conditional on Messrs Ash and Thirnbeck remaining Directors of the Company on the date the Options vest.

² Held by director related entities, split 5,922,566 Fund on the Beach Superfund, 2,193,033 Troppo Resources Pty Ltd and 125,919 Seaside Property Investments.

³ Held by director related entities, split 1,355,546 Bruce Hills Superfund and 1,189,755 Hills Calugay Family Trust.

⁴ Held personally and through director related entities, split 502,000 Robert Waring, 343,200 Warinco Services and 45,000 Warinco Services – Waring Super Fund.

Subsequent to the financial year end, on 15 July 2022, R3D 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. This amount raised included \$330,000 raised from the directors of the Company subject to shareholder approval which is yet to be sought, as follows:

- Stephen Bartrop \$100,000
- Jihad Malaeb \$100,000
- Richard Ash \$70,000
- Michael Thirnbeck \$40,000; and
- Bruce Hills \$20,000

The issue of these related party shares, and corresponding receipt of funds, remains subject to shareholder approval at the Company's Annual General Meeting in November 2022, and hence are not included in the tables as at the date of this report.

KEY TERMS OF EMPLOYMENT CONTRACTS

Non-Executive Directors remuneration arrangements

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive directors (NED) may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the NEDs has been fixed at a maximum of \$400,000 per annum to be apportioned among the NEDs in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses

incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as directors.

The Company will issue a Letter of Appointment to Mr Richard Ash as incoming Chairman. For the year ending 30 June 2022, Mr Ash's fee was set at \$50,000 per annum. Letters of Appointment were also issued to the other NED with fees set at \$30,000 per annum.

During the financial year, Non-Executive Directors were asked to carry out specific duties at the rate of \$1,500 + GST per diem

EXECUTIVE SERVICE AGREEMENTS

The remuneration earned by the three executive Directors Dr Stephen Bartrop, Mr Bruce Hills and Mr Robert Waring during the financial year is paid to related entities of each individual, as follows:

S Bartrop - Troppo Resources Pty Ltd

The Company is in the process of either replacing or novating the Service contract between Tartana entered and Troppo Resources Pty Ltd (ABN 58 506 385 938) dated 23 February 2018 for the services of Dr Stephen Bartrop as Managing Director of R3D for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice.

The annual remuneration is \$272,000 plus GST to be reviewed annually.

The contract is a related party contract as Troppo Resources Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

At 30 June 2022, the outstanding balance is \$50,187 (30 June 2021: \$193,787).

B Hills - Bruce Hills Pty Ltd

The Company is in the process of either replacing or novating the Service contract between Tartana and Bruce Hills Pty Ltd (ACN 129 558 461) dated 23 February 2018 for the services of Mr Bruce Hills as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to \$1,500 plus GST to be reviewed annually. Bruce Hills Pty Ltd also provides the services of Mrs Elsie Hills for bookkeeping services

The contract is a related party contract as Bruce Hills Pty Ltd is an entity controlled by Mr Bruce Hills who is the sole director.

At 30 June 2022, the outstanding balance is \$60,739.68 (30 June 2021: \$112,590)

R Waring - Warinco Services Pty Ltd

The Company has a Service contract with Warinco Services Pty Ltd (ACN 002 420 966) dated 10 August 2021 under which Mr Robert Waring provides various consulting services from time to time.

The contract is a related party contract as Warinco Services Pty Ltd is an entity controlled by Mr Robert Waring who is one of two directors.

At 30 June 2022, the outstanding balance is \$23,136 (30 June 2021: \$65,877).

Subsequent to year end, the contract was terminated on 31 July 2022.

This concludes the remuneration report, which has been audited.

TRANSACTIONS WITH ASSOCIATES OF DIRECTORS

S. Bartrop is a Director of, and has a financial interest in Breakaway Research Pty Ltd that provided various administrative services to the company. These services were provided under normal commercial terms and conditions, and fees totalled \$13,440 in the current financial year. At 30 June 2022, the outstanding balance was \$nil (30 June 2021: \$37,490).

B. Hills is a Director of, and has a financial interest in, Bruce Hills Pty Ltd that provided bookkeeping services to the Company. These services were provided under normal commercial terms and conditions, and fees totalled \$36,263 in the current financial year. At 30 June 2022, the outstanding balance was \$22,874 (30 June 2021: \$6,410).

During the financial year, Core Metallurgy, a company that P Rohner is a Director of, and has a financial interest in, provided technical services to the Company. These services were provided under normal commercial terms and conditions and fees totalled \$50,040 in the current financial year. At 30 June 2022, the outstanding balance was \$39,205 (30 June 2021: \$nil).

NON-AUDIT SERVICES

No non-audit services were provided for the year ended 30 June 2022.

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2022 is included after this report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors pursuant to S 298(2) of the *Corporations Act 2001*.

Signed by



Richard Ash
Chairman

Sydney, 30 September 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

To the directors of R3D Resources Limited

As engagement partner for the audit of R3D Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners



Gregory Cliffe
Partner

29 September 2022

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Please refer to the
website for our
standard terms of
engagement.

Statement of profit or loss and other comprehensive income

	Notes	Consolidated Group	
		Year ended 30 Jun 2022	Year ended 30 Jun 2021
		\$	\$
Sales Revenue			
Revenue from contracts with customers	3	10,485,989	6,411,649
Cost of sales		(10,456,803)	(7,186,955)
Gross Profit		29,186	(775,306)
Other income	3	54,070	62,994
Expenses			
Finance costs		(126,629)	-
Administration costs		(201,095)	(146,574)
Consulting fees		(918,814)	(471,232)
Corporate costs		(202,032)	(276,856)
Support services agreement		(101,898)	-
Depreciation and amortisation expense		(251,877)	(193,664)
Exploration and development expenses		(567,123)	(155,393)
Corporate restructuring expenses	18	(3,488,382)	(9,086)
Other expenses		(575,679)	(177,265)
Loss before income tax		(6,350,273)	(2,142,382)
Income tax expense	5	-	-
Loss for the period		(6,350,273)	(2,142,382)
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		(6,350,273)	(2,142,382)
Loss attributable to:			
- Owners of the parent		(6,350,273)	(2,142,382)
Total comprehensive loss attributable to:			
- Owners of the parent		(6,350,273)	(2,142,382)
Loss per share from continuing operations:			
Basic loss per share	21	(0.059)	(0.031)
Diluted loss per share	21	(0.059)	(0.031)

Consolidated statement of financial position

As at 30 June 2022

		Consolidated Group	
		30 Jun 2022	30 Jun 2021
		\$	\$
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,153,073	172,338
Trade and other receivables		170,888	312,504
Inventory	8	176,000	1,798,069
Other current assets	12	313,238	613,538
TOTAL CURRENT ASSETS		1,813,199	2,896,449
NON-CURRENT ASSETS			
Property, plant & equipment	9	3,152,568	2,748,893
Exploration & evaluation	10	5,249,963	2,252,524
Right-of-use asset	11	94,734	148,868
Other non-current assets	12	954,406	586,400
Financial Assets		17,085	-
TOTAL NON-CURRENT ASSETS		9,468,756	5,736,685
TOTAL ASSETS		11,281,955	8,633,134
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	(958,789)	(2,080,019)
Borrowings	17	(610,422)	(772,438)
Loans from Directors	15	-	(108,001)
Provisions	16	(232,877)	(200,000)
Contract liabilities		(8,888)	(443,098)
Lease liability	14	(57,934)	(54,102)
TOTAL CURRENT LIABILITIES		(1,868,910)	(3,657,658)
NON-CURRENT LIABILITIES			
Lease liability	14	(46,758)	(104,692)
Provisions	16	(2,382,385)	(1,139,111)
TOTAL NON-CURRENT LIABILITIES		(2,429,143)	(1,243,803)
TOTAL LIABILITIES		(4,298,053)	(4,901,461)
NET ASSETS		6,983,902	3,731,673
EQUITY			
Issued capital	19	19,056,600	10,289,842
Shares to be issued		535,250	-
Accumulated losses		(12,758,881)	(6,644,654)
Reserves	20	150,933	86,485
TOTAL EQUITY		6,983,902	3,731,673

R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022
Statement of changes in equity



Consolidated Group	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2020	62,062,337	-	(300)	(62,044,127)	17,910
Loss for the period	-	-	-	(885,151)	(885,515)
Other comprehensive income	-	-	3,636	-	3,636
Total comprehensive loss for the period	-	-	3,636	(885,151)	881,515
Issue of shares	(28,283)	-	-	-	(28,283)
Cost of share issue	-	-	-	-	-
Balance as at 30 June 2021	62,034,054	-	3,336	(62,929,278)	(891,888)
Balance as at 1 July 2021	62,034,054	-	3,336	(62,929,278)	(891,888)
Loss for the period	-	-	-	(6,350,273)	(6,350,273)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,350,273)	(6,350,273)
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)	-	-	-	(66,600,952)
Issue of shares	6,513,295	-	-	-	6,513,295
Share based payments	-	58,596	-	-	58,596
Issue of options to brokers	-	5,852	-	-	5,852
Shares to be issued	535,250	-	-	-	535,250
Cost of shares issue	(353,890)	-	-	-	(353,890)
Balance as at 30 June 2022	19,591,850	150,933	-	(12,758,881)	6,983,902

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

R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022
Statement of cashflow



Consolidated Group

	Notes	Year ended 30 Jun 2022 \$	Year ended 30 Jun 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,084,086	6,652,878
Payments to suppliers and employees		(12,340,326)	(7,046,819)
Interest received		15,540	15,550
Interest paid		(63,739)	(116,084)
Cash receipts from other operating activities		5,971	-
Net cash used in operating activities	7	(2,298,468)	(494,475)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment	9	(414,380)	(35,866)
Payments for exploration and evaluation	10	(1,778,107)	(559,856)
Payments for deposits		(329,206)	-
Net cash used in investing activities		(2,521,693)	(595,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing capital	19	6,128,295	1,572,979
Proceeds from shares to be issued		535,250	-
Repayment of borrowings	17	(591,750)	(262,972)
Repayment of lease liabilities		-	(50,183)
Share based premium reserve		5,852	-
Share issue costs	19	(324,997)	-
Net cash used in financing activities		5,752,650	1,259,824
Net increase in cash and cash equivalents held		932,489	169,627
Effect of exchange rate changes on cash		(60)	-
Cash and cash equivalents at beginning of period		172,338	2,711
Cash acquired in reverse takeover		48,306	-
Cash and cash equivalents at end of period		1,153,073	172,338

Notes to the financial statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of R3D Resources Limited and its controlled entities (the Group) for the financial year ended

30 June 2022 was authorised for issue in accordance with a resolution of directors on 30 September 2022.

R3D Resources Limited is a company limited by shares, incorporated in Australia, whose shares are listed on the Australian Securities Exchange (ASX).

The principal activity of the Group during the financial year, following the acquisition of Tartana Resources Limited and its controlled entities was an explorer and developer of mineral projects. Through this acquisition, as previously reported, the objective of R3D Resources is to become a significant copper-gold explorer and developer in the Chillagoe Region in north Queensland.

a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes also comply with International Financial Reporting Standards. The financial report has been prepared on a historical cost basis, except for certain financial investments that have been measured at fair value. The financial report is presented in Australian dollars.

The financial report should be read in conjunction with any public announcements made during the financial year.

The same accounting policies and methods of computation have been followed in this financial report as were applied in the financial statements for the year ended 30 June 2021, except for those as described 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 financial year ended 30 June 2022 of \$(6,350,273) (30 June 2021: \$2,142,382) and experienced net cash outflows from operating activities of \$(2,298,468) (30 June 2021: (\$494,475)). At 30 June 2022, the Group had net current liabilities of \$55,711 (30 June 2021: net current liabilities of \$761,208).

The Directors recognise that additional funding either through the issue of further shares, or debt or convertible notes, or the sale of assets, or a combination of these steps will be required for the Group to meet its minimum administrative and overhead expenses, restart the copper sulphate plant 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.

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 financial report.

If all of these fundraising 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 then the Group will be in a cashflow positive position for the foreseeable future.

The Group has been able to demonstrate in previous years that it has been successful in raising capital when needed. The Directors remain confident that this can again be done when required to support the Group's continuing activities.

c) Adoption of new accounting standards

Following the acquisition of Tartana Resources Limited on 20 July 2021, the Directors resolved to adopt the following new accounting policies.

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non controlling interest, and the acquisition date fair

value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 Income Taxes applies. No goodwill will arise on the acquisition.

Reverse acquisition – Tartana Resources Limited

R3D Resources Limited ("Company") acquired Tartana Resources Limited on 20 July 2021. From a legal and taxation perspective, the Company is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 Business Combinations ("AASB 3") because the acquisition resulted in Tartana shareholders holding a controlling interest in the Company after the transaction, notwithstanding the Company being the legal parent of the Group. At the time of the acquisition, the had suspended its business operations, and its activities were limited to managing its cash balances, filing obligations (i.e., a listed shell), and completion of the acquisition. It is therefore considered that the Company does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Tartana is the accounting acquirer and the Company is the legal acquirer. This financial report includes the consolidated financial statements of Tartana for the financial year ended 30 June 2022 and the Company for the period from 20 July 2021 to 30 June 2022. The financial report represents a continuation of Tartana's financial statements with the exception of the capital structure. The amount recognised in equity instruments in these consolidated statements represents the issued equity of the Company adjusted to reflect the equity issued by the Company on acquisition.

Under the reverse acquisition principles, the consideration provided by Tartana was determined to be \$2,357,353, which is the deemed fair value of the 11,786,765 shares (on a post-consolidation basis) owned by the former R3D Resources Limited shareholders at the completion of the acquisition, valued at the capital raising share price of \$0.20 per share. The excess of the deemed fair value of the shares owned by the Company shareholders and the fair value of the identifiable net assets of the Company, immediately prior to the completion of the merger, is accounted for under AASB 2 Share Based Payments (“AASB 2”) and resulted in the recognition of \$3,488,381 being recorded as a “Corporate Restructure Expense”. The net assets of the Company were recorded at fair value at acquisition date.

Revenue

The adoption of AASB 15: Revenue from Contracts with Customers did not have a material impact on the Group. The Group primarily derives revenue from the sale of low grade furnace slag ore.

Revenue from the sale of slag ore is recognised when the goods or services passes to the customer and no further processing is required by the Group. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred;
- transfer of control of the asset;
- the customer has no practical ability to reject the product where it is within contractually specified limits; and
- price is fixed or determinable and collectability is probable

In most instances, control passes and sales revenue is recognised at the point in time the performance obligation is satisfied, when the Group transfers possession to the Customer.

Exploration & Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- a) The rights to tenure of the area of interest are current; and
- b) At least one of the following conditions is also met:
 - The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the

existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then classified to development.

Property, Plant & Equipment – Useful lives

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.

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



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 recognised 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.

Inventory

Ore Stockpiles

Stockpiles of unprocessed ore are stated at the lower of cost and estimated net realizable value. Cost comprises the cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to ore stockpiles on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables

Consumables are valued at cost less an appropriate provision for obsolescence.

Rehabilitation

Mine closure and restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the infrastructure. Mine closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, or on the acquisition of a mine. The provision is based on the net present value of estimated future costs.

Share Based Payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the grant date.

The cost of equity-settled transactions is recognised in the Statement of Comprehensive Income, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance sheet date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for

any increase in the value of the transactions a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, unless the Group is loss making, then it is anti-dilutive as the inclusion of these options would reduce the loss per share.

d) 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.

e) Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137

Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture. The main amendments relate to:

- (a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- (b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;
- (c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- (e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and
- (f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

“The likely impact of this accounting standard on the financial statements of the Group has not been determined”

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

“The likely impact of this accounting standard on the financial statements of the Group has not been determined”

***AASB 2021-2: Amendments to Australian Accounting Standards –
Disclosure of Accounting Policies and Definition of Accounting Estimates***

AASB 2020-1 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and

Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:

- a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity’s financial statements;
- b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and
- e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

“The likely impact of this accounting standard on the financial statements of the Group has not been determined”

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

f) Significant accounting judgements and key estimates

The preparation of 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.

**R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



In preparing this annual 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 2021 annual report, with the following additions:

Reverse acquisition

As discussed in note 17, the acquisition of Tartana Resources Limited ("Tartana") has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 Business Combinations ("AASB 3"). Judgement is exercised on why the Tartana acquisition did not constitute a business under AASB 3 and determining the fair value of the shares owned by the former R3D shareholders as well as the fair value of the assets and liabilities acquired.

Exploration and evaluation

The Group's accounting policy for exploration and evaluation is set out in Note 1(c) to this financial report. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, management conclude that they are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be impaired to the Consolidated Statement of Comprehensive Income.

Determination of Mineral Resources

The determination of Mineral Resources and Ore Estimates impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for rehabilitation. The Group annually reports information in accordance with the AusIMM "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is prepared by or under supervision of a competent person as identified by the Code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated.

Useful lives of property, plant & equipment

Judgement is applied in determining the useful lives of the Group's property, plant & equipment, including the determination of life of mine. As described above, the Group

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.



Rehabilitation

In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation. The discount rate used in the calculation of these provisions is consistent with the risk-free rate (as applied to risk adjusted cashflows). The ultimate cost of decommissioning and restoration is uncertain, and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share Based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted or for services, the date the service is provided. The fair value is determined using the Black Scholes valuation method. For options issued during the period refer to Note 17.

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 (refer note 18), 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 for, and extracting of minerals, and the segment operations and results are the same as the Group results.

NOTE 3: SALES REVENUE AND OTHER INCOME

	30 June 2022	30 June 2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of low grade furnace slag ore	10,485,989	6,411,649

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.

<i>Other income</i>		
Sale – office rental services	15,000	16,397
Interest income	15,540	15,550
Other income	23,530	31,047
	54,070	62,994

NOTE 4: EXPENSES

<i>Employee and Directors benefits expense:</i>		
Employee benefits expense	38,147	-
Directors' fees	602,116	446,295
Other employee and directors benefits (consulting fees paid)	198,162	24,937
Superannuation expenses	34,979	4,051
	873,404	475,283

NOTE 5: INCOME TAX

Income tax expense

	30 June 2022	30 June 2021
	\$	\$
Components of income tax expense		
Current income tax	-	-
Deferred income tax	-	-
Under/(over) provision in prior years	-	-
	<hr/>	<hr/>

Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before income tax at 25% (2021: 26%)

	(1,587,568)	(230,139)
Add/(Less) Tax effect of;		
Other non-deductible amounts	6,719	413
Share based payments	27,149	-
Corporate restructure costs	872,095	-
Deferred tax position not recognised	681,605	229,726
	<hr/>	<hr/>

	30 June 2022	30 June 2021
	\$	\$

Current tax liability

Current tax relates to the follow:

Current tax liabilities/(assets)

Opening balance	-	-
Income tax	-	-
Instalments paid	-	-
	<hr/>	<hr/>

Deferred tax

Deferred tax relates to the following:

Deferred tax assets balance comprises:

Investments	3,769	-
Accruals	56,590	21,206
Provisions – Annual & Long Service Leave	9,537	-
Borrowing costs	11,113	-
Capital raising costs	64,999	-
Business related costs	209	-
Offset against DTL/Non-recognition	(5,646,885)	(4,479,350)
Tax losses	5,500,668	4,458,144
	<hr/>	<hr/>



Deferred tax liabilities balance comprises:

Plant and equipment under lease	3,866	7,506
Exploration expenditure	(571,962)	(228,353)
Offset against DTA/Non-recognition	568,096	220,848
	-	-

Deferred tax assets not brought to account:

Temporary differences	(429,610)	(214,653)
Operating tax losses	5,500,667	2,161,434
Capital losses	-	-
	5,071,057	1,946,781

Potential future income tax benefits attributable to gross tax losses of \$5,500,667 (30 June 2021: \$1,161,434) carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released
- ii. (ii) the Group continues to comply with the conditions for deductibility imposed by the law
- iii. (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses

Tax losses carried forward have no expiry date

NOTE 6: AUDITOR'S REMUNERATION

	30 June 2022	30 June 2021
	\$	\$
Auditing and reviewing the financial report	65,500	68,700

NOTE 7: CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

a) Reconciliation of cash

	30 June 2022	30 June 2021
	\$	\$
Cash at bank and on hand	1,153,073	172,338

b) Reconciliation of loss for the financial year to net cash flows from operative activities

NOTE 8: INVENTORY

Inventory comprises stockpiles residing at the Zeehan Zinc low grade furnace slag/ matte

	30 June 2022	30 June 2021
	\$	\$
Profit (Loss) for the year	(6,350,273)	(2,142,382)
Depreciation expense	128,284	117,257
Rehabilitation Expense	144,827	85,493
Corporate Restructuring Expense	3,488,382	
Impairment	15,075	7,640
<i>Movements in working capital</i>		
(Increase)/decrease in trade and other receivables	141,616	(311,315)
(Increase)/decrease in inventory	1,381,650	455,975
(Increase)/decrease in other current assets	540,719	(257,077)
(Decrease)/increase in trade and other payables	(1,183,693)	1,122,483
(Decrease)/increase in accruals	62,463	34
(Decrease)/increase in other current liabilities	(667,518)	427,417
	<u>(2,298,468)</u>	<u>(494,475)</u>

project in Western Tasmania and 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.

30 June 2022	30 June 2021
\$	\$

Current

Inventory – Copper in Ponds	176,000	176,000
Inventory – Zinc Matte Slag Stockpiles	-	680,000
Inventory – Zinc Matte Slag ready for shipment	-	942,069
	176,000	1,798,069

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	30 June 2022 \$	30 June 2021 \$
Plant and equipment - at cost	1,093,531	713,141
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	16,527	16,527
Office and other equipment at cost	47,320	13,380
Vehicles at cost	76,067	-
Accumulated depreciation	(371,787)	(285,155)
	3,152,568	2,748,893

Movement in property, plant & equipment

Balance at the beginning of the period, net of accumulated depreciation	2,748,893	2,776,150
Additions	477,825	35,866
Depreciation	(74,150)	(63,123)
Balance at end of period, net of accumulated depreciation	3,152,568	2,748,893

NOTE 10: EXPLORATION AND EVALUATION

Areas of interest in the exploration and evaluation phases

	30 June 2022 \$	30 June 2021 \$
Balance at the beginning of the period	2,252,524	1,228,779
Shares issued to acquire option over Beefwood Project	385,000	-
Expenditure incurred during the period	2,612,439	1,023,745
	5,249,963	2,252,524

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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



NOTE 11: RIGHT OF USE ASSETS

Balance at the beginning of the period - cost	148,868	257,475
Accumulated depreciation	(54,134)	(108,607)
	94,734	148,868

The initial lease of the Company's office space at McMahons Point, NSW, was for a term of 36 months, with an expiry date of 7 April 2022. At the end of this lease term, there was an option to renew the lease for a further 3 years. The Company extended the lease for a further 2 years under this option to 7 April 2024 and this is recognised as a right-of-use asset and a corresponding lease liability.

NOTE 12: OTHER ASSETS

	30 June 2022	30 June 2021
<i>Current</i>		
Accrued revenue	240,419	233,821
Prepayments	72,819	35,331
Loan to R3D	-	175,057
Deferred rehabilitation	-	123,593
Deposits	-	38,800
Other	-	6,936
	313,238	613,538
<i>Non-Current</i>		
Rental Bond	22,000	-
Security Deposit	19,550	-
Term Deposit	912,856	586,400
	954,406	586,400

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

NOTE 13: TRADE AND OTHER PAYABLES

	30 June 2022	30 June 2021
	\$	\$
<i>Unsecured</i>		
Sundry payables and accrued expenses	146,132	122,670
Trade Payables (i)	812,657	1,957,349
	<u>958,789</u>	<u>2,080,019</u>

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

NOTE 14: LEASE LIABILITIES

	30 June 2022	30 June 2021
	\$	\$
Current		
Lease liabilities	57,934	54,102
Non-current		
Lease liabilities	<u>46,758</u>	<u>104,692</u>

The total cash outflow for repayment of leases amount to \$55,500.

The initial lease of the company's office space at McMahons Point, NSW, was for a term of 36 months, with an expiry date of 7 April 2022. At the end of this lease term, there was an option to renew the lease for a further 3 years. The company has extended the lease for a further 2 years under this option to 7 April 2024 and this is recognised a right-of-use asset and a corresponding lease liability.

NOTE 15: LOANS FROM DIRECTORS

	30 June 2022	30 June 2021
	\$	\$
<i>Unsecured – at amortised cost</i>		
Loan from Craig Nettlebeck (i)	-	85,001
Loan for Bruce Hills Pty Ltd (ii)	-	8,000
Loan from Warinco Services Pty Ltd (ii)	-	5,000
Loan from Melueca Trust (ii)	-	10,000
	<u>-</u>	<u>108,001</u>

- i) On 25 October 2018 the Company received an unsecured loan from Craig Nettlebeck, 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

**R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



unless rolled over by mutual agreement. Craig Nettelbeck resigned as a Director on 10 November 2020.

the loans from Directors are interest free, unsecured and repayable on demand. The loan from Melueca Trust is an entity controlled by Peter Rohner who resigned as a Director on 12 August 2020.

NOTE 16: PROVISIONS

	30 June 2022	30 June 2021
	\$	\$
Current		
Employee benefits – annual leave	(32,877)	-
Provision – Rehabilitation (i)	(200,000)	(200,000)
	(232,877)	-
Non-current		
Provision – Rehabilitation		
Carrying amount at the beginning of the year	(1,139,111)	(889,811)
Movement in provision during period (ii)	(1,238,004)	(249,300)
Carrying amount at the end of the period (ii)	(2,377,115)	(1,139,111)
Employee benefits – long service leave	(5,270)	-
	(2,382,385)	(1,139,111)

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 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. On a discounted basis this comprised \$1,123,659 of the above movement with the balance relating to updates in economic assumptions and the unwinding of the provision over time.

NOTE 17: FINANCIAL LIABILITIES – BORROWINGS

30 June 2022 30 June 2021



	\$	\$
Third party borrowings	(610,422)	-
Convertible Notes	-	(772,438)
	(610,422)	(772,438)
Balance at the beginning of the period, at amortised cost	(772,438)	(781,644)
Acquired on acquisition	(485,579)	-
Accrued interest	(22,315)	9,206
Arteva Funding	(80,090)	
Conversion of Convertible Notes	250,000	-
Repayment of Convertible Notes	500,000	-
Balance at end of period, at amortised cost	(610,422)	(772,438)

On 29 July 2021, the Group repaid 2,500,000 convertible notes of \$0.20 each issued by Tartana under a Convertible Note Deed dated 18 December 2019, with the total repaid \$519,927 including interest. The convertible notes paid interest at 12% per annum (paid quarterly) and had an 18-month term from the date of the Deed.

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% pa. The loan is due to be repaid in full on 28 February 2023

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

NOTE 18: REVERSE ACQUISITION

During the financial year, the Group completed its all-scrip takeover for 100% of the fully paid ordinary shares and 100% of the options in Tartana Resources Limited, through the issue of the following instruments:

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



- 1 R3D share for each Tartana share held by a Tartana shareholder, for the issue of 75,533,698 R3D shares;
- 1 R3D option per each 5 Tartana shares held by a Tartana shareholder, for the issue of 15,106,740 R3D options; and
- 1 R3D option per each Tartana Option held by a Tartana option holder, for the issue of a further 13,500,000 R3D options.

The terms are set out in Note 20.

The primary reason for the asset acquisition was to purchase Tartana's enviable tenure position in the prospective Chillagoe region of Far North Queensland and to advance its projects, including working towards refurbishing the Heap Leach – Solvent Extraction – Crystallisation plant at the Tartana mine site near Chillagoe to provide a second source of cashflow for the Company. The acquisition also included the Zeehan Zinc low grade furnace slag/matte project in western Tasmania which has continued to provide cashflow to the Group from regular slag exports to South Korea through the Burnie Port.

In accordance with AASB 3 Business Combinations ("AASB 3"), the substance of the acquisition is a reverse acquisition as shareholders of Tartana hold the majority of the shares in R3D. The acquisition of Tartana does not constitute a business combination as R3D does not meet the definition of a business under AASB 3. As a result, the acquisition is accounted for in accordance with AASB 2 Share Based Payments ("AASB 2"), with Tartana being identified as the acquirer and the net assets of R3D deemed acquired. The consideration of the Transaction is measured at the fair value of the shares and options of R3D that are outstanding just before the Transaction, or if not reliably measurable, the fair value of the consideration given up, i.e. the 'deemed' transaction price for obtaining control over R3D. In this instance, as R3D's shares were suspended for an extended period prior to the transaction, the transaction price has been determined by reference to the 'deemed' transaction price.

\$

The consideration transferred is as follows:

11,786,765 shares issued and outstanding of R3D (a)	<u>2,357,353</u>
Total consideration transferred	<u>2,357,353</u>

- a) The 'deemed' fair value of the consideration in the Transaction is determined by reference to the 11,786,765 shares (post consolidation) owned by the former R3D Resource Limited shareholders at the completion of the acquisition, valued at the capital raising share price of \$0.20.

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The allocation of the consideration transferred to the net assets acquired by Tartana is as follows:



	\$
Cash	48,306
Trade and other receivables	67,392
Prepayments	95,515
Investments	27,213
Trade and other payables	(708,877)
Borrowings	(660,578)
Corporate Restructure Expense	3,488,382
	2,357,353

NOTE 19: ISSUED CAPITAL & RESERVES

	30 June 2022 \$	30 June 2021 \$
129,278,584 (30 June 2021: 11,786,932 ¹) fully paid ordinary shares	19,056,600	62,034,054
Movement in share capital	Shares	\$
Balance at 1 July 2021	11,786,932	62,034,054
Deemed reverse acquisition on R3D by Tartana	-	2,357,353
Issue of shares to Tartana vendors as part of reverse acquisition	75,533,698	15,106,740
Elimination of the acquisition of Tartana by R3D	-	(66,600,952)
Shares issued for cash in public offer	21,250,000	4,250,000
Shares issued to acquire option over Beefwood Project	1,925,000	385,000
Shares issued – Tranche 1 placement	5,000,000	500,000
Shares issued – Tranche 2 placement	5,000,000	500,000
Shares issued under an entitlements issue	8,782,954	878,295
Cost of share issues	-	(353,890)
Balance as at 30 June 2022	129,278,584	19,056,600
Shares to be issued ²	5,352,500	535,250
Total	134,631,084	19,591,850

¹ Post 4:1 share consolidation in March 2021.

² Monies received for 5,352,500 shares at \$0.10 per share in respect of the shortfall from the Company's May entitlements issue. The shares were issued on 15 July 2022 as part of the total shortfall issue of 12,342,500 fully paid ordinary shares at \$0.10 per share

Share based payment reserve

The nature and purpose of the share-based payment reserve is to record the value of equity benefits provided to Directors, employees and consultants as part of their remuneration, or the value of equity settled transactions for goods and services received by the Group.

NOTE 20: OPTIONS ISSUED

37,356,740 (30 June 2021: nil) options	150,933	-
	Options	\$
Movement in options		
Balance at 1 July 2021	-	-
Deemed reverse acquisition on R3D by Tartana:		-
- Issued to Tartana shareholders	15,106,740	-
- Issued to Tartana option holders	13,500,000	86,485
Issue of options as part of placement	4,250,000	-
Issue of options to brokers	2,000,000	5,852
Issue of options to Key Management Personnel	2,500,000	58,596
Balance as at 30 June 2022	37,356,740	150,933

During the financial year, on 20 July 2021, the Group issued the following instruments:

- 15,106,740 options to the existing shareholders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;
- 13,500,000 options to existing option holders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue;

and as part of the Group's public offer of 21,250,000 shares to investors at \$0.20 per share:

- 4,250,000 options to investors in the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue; and
- 2,000,000 options issued to brokers under the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue.

The options issued to the existing shareholders of Tartana have not been valued and recognised at fair value under the principles of accounting standard, AASB 2 Share Based Payments given they did not form part of the consideration transferred to the original shareholders of R3D Resources Limited under reverse acquisition accounting.



Options Issued to Tartana Option Holders

Tartana Resources Limited (“Tartana”) had previously granted options to a core team of key personnel that in intended to lead the company for an extended period following their issue.

On 26 February 2018, Tartana issued 11,000,000 options. One option converted to one share on exercise at an exercise price of \$0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carried neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Tartana’s Annual General

Meeting on 26 February 2018, vested at the end of the Annual General Meeting and the remainder vested on 26 February 2019. The options may be exercised any time on or before 25 February 2022.

On 30 November 2018 the company issued 2,500,000 options. One option converts to one share on exercise at an exercise price of \$0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carries neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Annual General Meeting on 30 November 2018 vested at the end of the Annual General Meeting and the remainder vested on 30 November 2019. The options may be exercised any time on or before 30 November 2022.

As part of the legal acquisition of Tartana by R3D Resources, the above instruments were cancelled and were replaced by 13,500,000 options with an exercise price of \$0.40 expiring on 20 July 2026.

NOTE 21: EARNINGS PER SHARE

30 June 2022	30 June 2021
\$	\$

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Net loss	(6,350,273)	(2,142,382)
Weighted average number of ordinary shares used in calculating basic earnings per share ¹	107,269,272	68,889,826
Effect of dilutive securities: Share options ²	0	0
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	107,269,272	68,889,826

¹Adjusted for the 4:1 share consolidation in March 2021 for comparative purposes. Share options are not dilutive as their inclusion would give rise to a reduced loss per share.

² There was a total of 5,352,500 share options that were potentially dilutive to shares on issue at 30 June 2022 (30 June 2021: nil).

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 30 June 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 financial report.

NOTE 22: PARENT ENTITY INFORMATION

Financial Position

	30 June 2022	30 June 2021
	\$	\$
Assets		
Current assets	1,247,228	133,085
Non-current assets	15,138,497	32,171
Intercompany Loans to Subsidiaries	4,318,871	
	20,704,596	165,256
Liabilities		
Current liabilities	310,023	619,731



Non-current liabilities	602,214	450,000
	912,237	1,069,731
Net Assets	19,792,359	(904,475)
Equity		
Issued Capital	83,835,449	62,034,054
Reserves	64,448	
Accumulated losses	(64,107,538)	(62,938,529)
	19,792,359	(904,475)
Financial Performance		
Loss for the period	(1,169,009)	(968,472)
Other comprehensive income	-	-
Total comprehensive loss for the period	(1,169,009)	(968,472)

Contingent Liabilities

The parent entity had no contingent liabilities at 30 June 2021 and 30 June 2022.

Guarantees

The parent entity has not entered into any guarantees in the current or previous financial year, with respect to the debts of its subsidiaries.

The consolidated financial statements incorporate the assets, liabilities and results of the following companies in accordance with the accounting policy described in Note 1(c).

Name of entity	Country of incorporation	Ownership interest	
		2022 %	2021 %
R3D Resources (Legal Parent entity)	Australia	100	100
R3D Singapore Pte Ltd	Singapore	100	100
Tartana Resources Pty Limited	Australia	100	100
Riverside Exploration (QLD) Pty Ltd	Australia	100	100
Chillagoe Exploration 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
Mother Lode Pty Ltd	Australia	100	100

- Legally owned by R3D Resources Limited.

The Company acquired Tartana Resources Limited on 20 July 2021. From a legal and taxation perspective, the Company is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 Business Combinations (“AASB 3”) because the acquisition resulted in Tartana shareholders holding a controlling interest in the Company after the transaction, notwithstanding the Company being the legal parent of the Group. At the time of the acquisition, the had suspended its business operations, and its activities were limited to managing its cash balances, filing obligations (i.e., a listed shell), and completion of the acquisition. It is therefore considered that the Company does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Tartana is the accounting acquirer and the Company is the legal acquirer. This financial report includes the consolidated financial statements of Tartana for the financial year ended 30 June 2022 and the Company for the period from 20 July 2021 to 30 June 2022. The financial report represents a continuation of Tartana’s financial statements with the exception of the capital structure. The amount recognised in equity instruments in these consolidated statements represents the issued equity of the Company adjusted to reflect the equity issued by the Company on acquisition.

NOTE 23: KEY MANAGEMENT PERSONNEL DISCLOSURES

The directors and other key management personnel of the company during or since the end of the financial year were:

Non-executive directors	Position
R Ash (appointed 20 July 2021)	Chairman, Non-executive director
R Waring (appointed 20 July 2021, resigned 31 July 2022)	Non-executive Director, Company Secretary
M Thirnbeck	Non-executive Director
J Malaeb (appointed 15 June 2022)	Non-executive Director
D Yeo Chin Tuan (resigned 20 July 2021)	Chairman, Non-executive director
T Tsao (resigned 20 July 2021)	Non-executive Director
M Irawan (resigned 20 July 2021)	Non-executive Director
Executive officers	Position

S Bartrop (appointed 20 July 2021)	Executive Director, Managing Director
B Hills (appointed 20 July 2021)	Executive Director
S Jones (appointed 24 June, commenced 21 July 2022)	Chief Operating Officer

Remuneration of key management personnel

The following tables relates to the consolidated remuneration of Key Management Personnel, comprising the consolidated financial statements of Tartana for the financial year ended 30 June 2022 and the Company for the period from 20 July 2021 to 30 June 2022. For more information, refer to note 1(c). The comparative information represents the remuneration of Key Management Personnel as contained in the audited financial statements of Tartana for the financial year ended 30 June 2021.

Mr Rohner and Mr Craig Nettelbeck, as directors of Tartana are not considered Key Management Personnel for the financial year ended 30 June 2022 following their resignation as directors in the prior financial year.

		Short-term Benefits	Post-employment Benefits	Share payments	based	Total
		Salary and directors' fees		(Note 25)		
		\$	\$	\$	\$	\$
Non-Executive Directors						
R Ash	2022	47,260	-	-	35,185	82,445
	2021					
R Waring ³	2022	211,011	-	-	-	211,001
	2021	24,937	-	-	-	24,937
M Thirnbeck ^{2,4}	2022	61,356	-	-	23,438	84,794
	2021	-	-	-	-	-
J Malaeb	2022	1,793	179	-	-	1,973
	2021	-	-	-	-	-
D Yeo Chin Tuan ¹	2022	1,000	-	-	-	1,000
	2021	n/a	n/a	n/a	n/a	n/a
T Tsao ^{1,2}	2022	-	-	-	-	-
	2021	n/a	n/a	n/a	n/a	n/a
M Irawan ^{1,2}	2022	-	-	-	-	-
	2021	n/a	n/a	n/a	n/a	n/a
P Rohner ³	2022	n/a	n/a	n/a	n/a	n/a
	2021	3,015	-	-	-	3,015
C Nettelbeck	2022	n/a	n/a	n/a	n/a	n/a

**R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



	2021	-	-	-	-
Executive Officers					
S Bartrop	2022	272,500	-	-	272,500
	2021	249,935	-	-	249,935
B Hills	2022	222,570	-	-	222,570
	2021	193,345	-	-	193,345
S Jones	2022	-	-	-	-
	2021	-	-	-	-
Total	2022	817,480	179	58,623	876,282
	2021	471,232	-	-	471,232

¹ Former R3D Resources Limited directors were not involved in, or paid by, the former business of Tartana prior to the reverse takeover and are hence excluded from payments made to KMPs in the year ended 30 June 2021.

² Non-executive Directors of the legal parent entity, R3D Resources Limited, forwent their fees and superannuation in the 2021 financial year and until their resignations on 20 July 2022. Mr Michael Thirnbeck continued as a Director following the reverse takeover.

³ Executive contract with Corporate Elements Pty Ltd was terminated on 12 August

2020. While Mr Peter Rohner remains a director of Tartana, he does not meet the definition of a KMP during the current financial year.

⁴ Includes services provided for in relation to corporate secretary.

⁵ Includes consulting services provided during the year.

The remuneration earned by three Directors Dr Stephen Bartrop, Mr Bruce Hills and Mr Robert Waring during the financial year is paid to related entities of each individual, as follows:

S Bartrop - Troppo Resources Pty Ltd

The Company is in the process of either replacing or novating the Service contract between Tartana entered and Troppo Resources Pty Ltd (ABN 58 506 385 938) dated 23 February 2018 for the services of Dr Stephen Bartrop as Managing Director of R3D for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice.

The annual remuneration is \$272,000 plus GST to be reviewed annually.

**R3D RESOURCES LIMITED – ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



The contract is a related party contract as Troppo Resources Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

At 30 June 2022, the outstanding balance is \$50,187 (30 June 2021: \$193,787)

B Hills - Bruce Hills Pty Ltd

The Company is in the process of either replacing or novating the Service contract between Tartana and Bruce Hills Pty Ltd (ACN 129 558 461) dated 23 February 2018 for the services of Mr Bruce Hills as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to \$1,500 plus GST to be reviewed annually. Bruce Hills Pty Ltd also provides the services of Mrs Elsie Hills for bookkeeping services (refer Note 15(d)).

The contract is a related party contract as Bruce Hills Pty Ltd is an entity controlled by Mr Bruce Hills who is the sole director.

At 30 June 2022, the outstanding balance is \$60,739 (30 June 2021: \$112,590)

R Waring - Warinco Services Pty Ltd

Mr Waring services were provided under a service contract between Tartana and Warinco. Under the contract Mr Waring provides various consulting services from time to time.

The contract is a related party contract as Warinco Services Pty Ltd is an entity controlled by Mr Robert Waring who is one of two directors.

At 30 June 2022, the outstanding balance is \$28,180 (30 June 2021: \$65,877).

Subsequent to year end, the contract was terminated on 31 July 2022.

In the prior financial year:

P Rohner - Corporate Elements Pty Ltd

Tartana entered into a services contract with Corporate Elements Pty Ltd ACN 135 763 996 dated 23 February 2018 for the services of Mr Peter Rohner as Executive Director of Tartana

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee per diem was \$2,000 plus GST to be reviewed annually. In response to the impact of Covid, for the period from 1 April 2020 to 30 September 2020, the company reduced the per diem to \$1,333 plus GST. The Contract was terminated on 12 August 2020. At 30 June 2022, the outstanding balance for all services owed was \$nil (30 June 2021: \$3,316).

The contract is a related party contract as Corporate Elements Pty Ltd is an entity controlled by Mr Peter Rohner who is one of its two directors.

NOTE 24: RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the group is R3D Resources Limited.

(b) Key management personnel.

Disclosures relating to key management personnel are set out in note 23.

(c) Subsidiaries

Interests in subsidiaries are set out in note 22.

(d) Other related party transactions

TRANSACTIONS WITH ASSOCIATES OF DIRECTORS

S. Bartrop is a Director of, and has a financial interest in Breakaway Research Pty Ltd that provided various administrative services to the company. These services were provided under normal commercial terms and conditions, and fees totalled \$13,440 in the current financial year. At 30 June 2022, the outstanding balance was \$nil (30 June 2021: \$37,490).

B. Hills is a Director of, and has a financial interest in, Bruce Hills Pty Ltd that provided bookkeeping services to the Company. These services were provided under normal commercial terms and conditions, and fees totalled \$36,263 in the current financial year. At 30 June 2022, the outstanding balance was \$22,874 (30 June 2021: \$6,410)



During the financial year, Core Metallurgy, a company that P Rohner is a Director of, and has a financial interest in, provided technical services to the Company. These services were provided under normal commercial terms and conditions and fees totalled \$50,040 in the current financial year. At 30 June 2022, the outstanding balance was \$39,205 (30 June 2021: \$nil)

NOTE 25: SHARE BASED PAYMENTS

The Company adopted an Employee Share Options Plan (ESOP) at the Annual General Meeting held on 27 January 2021. The purpose of the ESOP is to provide incentives to senior staff to achieve the Company's long-term objectives and improve the long-term performance of the Company.

The options granted under the ESOP ("Employee Options") are issued for nil consideration, unless the Board resolves otherwise. The Employee Options are non-transferable. There is no obligation on the Company to apply for quotation of the Employee Options on the ASX. Option holders have no rights or entitlements to participate in dividends declared by the Company or rights to vote at meetings of the Company until that Employee Option is exercised.

Beneficiaries of the ESOP are employees and deemed employees. Eligible employees are full time or part-time employees or directors of the Company. Deemed employees are casual

employees who have worked for the Company or a subsidiary for more than one year and consultants who have worked for the Company or a subsidiary for more than 6 months.

2,500,000 options under the ESOP were granted during the year to directors (30 June 2021: nil). 2,500,000 options remain outstanding as at 30 June 2022 (30 June 2021: nil).

	30 June 2022	30 June 2021
	\$	\$
Share based payments expense comprises:		
Options issued to Key Management Personnel	58,623	-
Total share based payments expense recognised in profit and loss	58,623	-

On 31 January 2022, the R3D shareholders approved the proposed issue of 1,500,000 and 1,000,000 options to Mr Richard Ash and Mr Michael Thirnbeck respectively. These options

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



were issued on 28 February 2022. The options are not listed and have an exercise price of \$0.40 and expire if not exercised by 14 July 2026.

The first tranche of one third of the options vest immediately. The second tranche of one third of the options will vest on 17 December 2022. The final third of the options vest on 17 December 2023. In all three cases, vesting is conditional on Messrs Ash and Thirnbeck remaining Directors of the Company on the date the Options vest.

Options granted are unlisted and carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the Company with full dividend and voting rights.

Options issued as connection with goods or services are accounting for as share based payments in accordance with the Group's accounting policy set out in Note 1.

Set out in the table below is a summary of the options issued during the financial year:

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of SBP options at the start of the year	Options granted during the year	Options exercised during the year	Options lapsed during the year	Balance of SBP options at the end of the year	Options exercisable at the end of the year
28 Feb 22	14 July 26	40.0	4.39	-	2,500,000	-	-	2,500,000	833,000
				-	2,500,000	-	-	2,500,000	833,000
Weighted average exercise price (cents)				-	40.0	40.0	40.0	40.0	40.0

The weighted average remaining contractual life of share options outstanding at the end of the year was 4.0 years.

Fair value of options granted

The fair value for options issued was calculated using the Black-Scholes valuation methodology using the following parameters.

	2022
Weighted average exercise price (cents)	40.0
Weighted average life of the option	4.5 years
Weighted average underlying share price (cents)	13.00
Expected share price volatility	73%
Risk-free interest rate	3.5%

Number of options issued	2,500,000
Fair value per option (cents)	4.39

NOTE 26: FINANCIAL INSTRUMENTS

Capital management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of its equity balance.

In managing its capital, the group's primary objective is to ensure its continued ability to maintain its operations and provide a platform to enable a return for its equity shareholders to be made when successful commercial operations are achieved. In order to achieve this objective, the group seeks to maximise its fund raising to provide sufficient funding to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or reduction of debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

The group's overall strategy remains unchanged from 2021.

The capital structure of the group consists of cash and bank balances (note 7) and the equity of the group (comprising issued capital, reserves and accumulated losses as detailed in notes 19 to 21)

The group is not subject to any externally imposed capital requirements.

(a) Market risk

The group's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

R3D RESOURCES LIMITED – ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

(i) Interest rate risk management



The group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2022	Weighted average interest rate	Floating interest rate	Fixed maturing in 1yr to 5 yrs	Non-interest bearing	Total
		\$	\$	\$	\$
Financial assets					
Cash	0.0	1,153,073	-	-	1,153,073
Trade and other receivables	0.0	-	-	170,888	170,888
Total assets		1,153,073	-	170,888	1,323,961
Financial liabilities					
Loans	10.0	-	610,922	-	610,922
Trade and other payables	0.0	-	-	958,789	958,789
Total liabilities		-	610,922	958,789	1,569,711
2021					
	Weighted average interest rate	Floating interest rate	Fixed maturing in 1yr to 5 yrs	Non-interest bearing	Total
		\$	\$	\$	\$
Financial assets					
Cash	0.0	172,338	-	-	172,338
Trade and other receivables	0.0	-	-	312,504	312,504
Other assets	-	175,057	-	-	175,057
Total assets		347,395	-	312,504	659,899
Financial liabilities					
Convertible Notes	-	-	772,438	-	772,438
Loans	-	-	108,001	-	108,001
Trade and other payables	-	-	-	2,080,019	2,080,019
Total liabilities		-	880,439	2,080,019	2,960,458

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

2022

	Carrying amount \$	+0.5% interest rate profit & loss \$	-0.5% interest rate profit & loss \$
Cash at bank	1,153,073	5,765	(5,765)
Other assets	170,888	854	(854)

2021

	Carrying amount \$	+0.5% interest rate profit & loss \$	-0.5% interest rate profit & loss \$
Cash at bank	172,338	862	(862)
Other assets	175,057	875	(875)
Cash on short term deposit			

(b) Credit risk

Credit risk arises principally from the group's trade receivables. It is the risk that the counterpart fails to discharge its obligation in respect of the instrument. Ongoing credit evaluation is performed on the financial condition of and other receivables. The group does not have significant concentration of credit risk with respect to any counter party or company of counter parties.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the group's short medium and long-term funding liquidity management requirements. The group manages liquidity risk by maintaining a reputable credit risk banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when become due. To achieve this aim, it seeks to maintain cash balances (or agreed

facilities) to meet exp requirements for a period of at least 45 days. The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the group expected to have sufficient liquid resources to its obligations under all reasonably expected circumstances. The group does not have any financing facilities in place and does not have a bank overdraft.

Maturity analysis of financial assets and liability based on contractual obligations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows Trade and other payables mainly originate from the financing of assets used in ongoing operations such as, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the group's overall liquidity risk.

2022	Contractual cash flows				
	Carrying amount \$	<6 months \$	6-12 months \$	>12 Months \$	On demand \$
Financial assets					
Term Deposits	912,856	-	-	912,856	-
Cash	1,153,073	1,153,073			-
Trade and other receivables	170,888	170,888			-
Total assets	2,236,817	1,323,961		912,856	-
Financial liabilities					
Trade and other payables	958,789	958,789	-	-	-
Other current liabilities	8,888	8,888	-	-	-
Borrowings	610,422	610,422	-	-	-
Total liabilities	1,578,099	1,578,099	-	-	-
Net maturity	658,718	(254,138)	-	912,856	-

2021	Contractual cash flows				
	Carrying amount \$	<6 months \$	6-12 months \$	>12 Months \$	On demand \$
Financial assets					
Term Deposits	586,400	-	-	586,400	-
Cash	172,338	172,338	-	-	-
Trade and other receivables	312,504	312,504	-	-	-
Other assets	489,945	489,945	-	-	-
Total assets	1,561,187	974,787	-	586,400	-
<i>Financial liabilities</i>					
Trade and other payables	2,080,019	2,080,019	-	-	-
Other current liabilities	443,098	443,098	-	-	-
Borrowings	772,438	772,438	-	-	-
Loan from Director	108,001	108,001	-	-	-
Total liabilities	3,403,556	3,403,556	-	-	-
Net maturity	(1,842,369)	(2,428,769)	-	586,400	-

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 27: 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:



	30 June 2022	30 June 2021
	\$	\$
Payable not later than one year	641,800	1,078,900
Payable later than one year but not later than two years	<u>341,800</u>	<u>742,900</u>
	<u>983,600</u>	<u>1,821,800</u>

Under the Financial Provisioning Scheme(FPS) which is part of the Mineral and Energy Resource (Financial Provisional) Act 2018 the Department of Environment and Science (DES) has estimated Tartana Resources Pty Ltd Estimated Rehabilitation Cost (ERC) at \$1,750,148.98 after it rejected an earlier third party rehabilitation quote provided by the Company. The Company is considering whether to lodge an application for an ERC Revision by providing a

new third party quote. However the Company may accept the current estimate as part of the strategy to restart the copper sulphate plant by the end of calendar year 2022 and is in discussions regarding a staged payment arrangement with the FPS manager.

Other than the matter noted above, the Group has no other contingent liabilities as at 30 June 2022.

NOTE 28: EVENTS AFTER BALANCE DATE

Since the balance date the following events have occurred:

- On 15 July 2022, R3D 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. This amount raised included \$330,000 raised from the directors of the Company (being \$100,000 from each of Stephen Bartrop and Jihad Malaeb, \$70,000 from Richard Ash, \$40,000 from Michael Thirnbeck, and \$20,000 from Bruce Hills. The issue of these related party shares remaining subject to shareholder approval at the Company's Annual General Meeting in November 2022.
- On 28 July 2022, the Company announced the resignation of Mr Robert Waring as a non-executive director of R3D. the resignation being effective, 31 July 2022.



- On 19 August 2022, the Group announced that they had received permits to enable access to the Northern Stockpile and to crush the remaining oversize slag from the Southern Stockpile. The first shipment under these new permits departed on 23 September 2022.
- On 26 September 2022, The Group confirmed the first Zeehan shipment had left Burnie Port holding 11,004 tonnes destined for South Korea, with a further 120,000 tonnes remaining in the Northern Stockpile.

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.

Director's declaration

In accordance with a resolution of the Directors of R3D Resources Limited, I state that:

1. In the opinion of the Directors':
 - a. The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a) and
 - c. Subject to the matters set out in Note 1(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - d. This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2022.



Richard Ash

Chairman

Sydney, New South Wales

Date: 30 September 2022

Independent Auditor's Report

Independent Auditor's Report

To the members of R3D Resources Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of R3D Resources Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2022, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Deferred Exploration and Evaluation Expenditure \$5.2 million Refer to Note 10</p>	
<p>The consolidated entity owns the rights to several exploration and mining licenses in Queensland. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.</p> <p>This area is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance; • The inherent uncertainty of the recoverability of the amount involved; and • The substantial amount of audit work performed. 	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> • Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets; • Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest; • Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian Accounting Standards; and • Obtaining external confirmations to ensure the exploration licences are current and accurate. • Assessing the reasonableness of the capitalisation of employee’s salaries.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of R3D Resources Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDJ Partners

A handwritten signature in black ink, appearing to read 'Gregory Cliffe'.

.....
Gregory Cliffe
Partner

30 September 2022

- Tax
- Accounting
- Financial Advice
- Super
- Audit
- Loans

Additional information required by the Australian Securities Exchange and not provided elsewhere in this report is as follows. The information is current as at 28 September 2022.

SPREAD OF SHAREHOLDERS

Spread of Holdings	Number of Holders	Number of Shares	% Issued Capital
1 – 1000	469	47,126	0.03
1,001 – 5,000	537	1,557,065	1.12
5,001 - 10,000	183	1,528,022	1.10
10,001 - 100,000	387	13,562,793	9.77
100,001 and over	153	122,126,078	87.97
	1,729	138,821,084	100.00

An unmarketable parcel is a shareholding with a value of less than \$500.00. As at 28 September 2022, there were 1,047 shareholders holding less than a marketable parcel of 6,173 shares (at \$0.081 per share) for a total of 1,834,923 Shares.

TOP 20 SHAREHOLDERS

Rank	Name	Shares	%
1	SCIDEV LTD	13,589,935	9.79
2	HARDIE HOLDINGS PTY LIMITED	6,562,500	4.73
3	MR STEPHEN BRUCE BARTROP + MS KERRYN WENDY CHISHOLM <FUND ON THE BEACH S/F A/C>	5,535,392	3.99
4	BNP PARIBAS NOMS PTY LTD <DRP>	5,001,575	3.60
5	MR JIHAD MALAEB <AYOUB MALAEB A/C>	4,500,000	3.24
6	MR EDGAR BARTROP	4,250,000	3.06
7	TCZ INVESTMENTS PTY LIMITED <TCZ SUPERANNUATION FUND A/C>	4,050,000	2.92
8	MR DUNCAN JOHN HARDIE	3,200,000	2.31
9	PAUL BROAD	2,464,979	1.78
10	BRUCE HILLS PTY LTD <BRUCE HILLS SUPER FUND A/C>	2,383,272	1.72
11	TROPPO RESOURCES PTY LTD	2,263,748	1.63

12	BRMP PTY LIMITED	2,000,000	1.44
12	GOLDEN RATIO DESIGNS PTY LTD <GEO PROPERTY A/C>	2,000,000	1.44
14	GEORGE DJUHARI	1,875,000	1.35
15	THREE RIVERS PROSPECTING PTY LTD	1,732,500	1.25
16	WARINCO SERVICES PTY LIMITED	1,483,515	1.07
17	MR DUNCAN JOHN HARDIE	1,456,397	1.05
18	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	1,400,000	1.01
19	GUILFORD ENTERPRISES LIMITED	1,360,939	0.98
20	PATHOLD NO 107 PTY LIMITED <EMD GROUP S/F A/C>	1,300,000	0.94
	Total Top 20	68,409,752	49.28
	Remaining Holders Balance	70,411,332	50.72

SUBSTANTIAL SHAREHOLDERS

The following holders are Substantial Holders of the Company who given substantial holder notices to the Company, with their holdings updated as at 28 September 2022.

Name	Associates	Shares Held	%
Scidev Ltd		13,589,935	9.79
Duncan John Hardie	Hardie Holdings Pty Ltd	11,218,897	8.08
Stephen Bartrop	Troppo Resources Pty Ltd Seaside Property Investments Pty Ltd Stephen Bruce Bartrop & Kerryn Wendy Chisholm <Fund on the Beach S/F A/C>	9,622,650	6.93

VOTING RIGHTS

The Company's main class of securities is fully paid ordinary shares. Each fully paid ordinary share carries one vote per share. Options and other equity securities on issue do not carry voting rights.

STATEMENT OF RESTRICTED SECURITIES

The Company advises that the following securities are currently Restricted Securities – being securities to which an ASX imposed escrow applies.

Class	Number of Securities	Restriction Period
Fully Paid Ordinary Shares	27,621,237	24 months from the date of reinstatement being until 22 July 2023
Unlisted Options	15,024,252	24 months from the date of issue being until 22 July 2023

UTILISATION OF CASH

As this is the first annual report after the reinstatement of the Company's securities to quotation following compliance with Listing Rule 11.1.3, the Company confirms that it used the cash and assets in a form readily convertible into cash that it had at the time of admission in a way consistent with its business objectives in the period between the date of admission and the end of this reporting period (30 June 2022).



Corporate Directory

Registered and Principal Office

169 Blues Point Road
McMahon's Point
NSW 2060 Australia

Telephone: +61 2 9392 8032
Fax: +61 2 9279 2727

Postal Address

169 Blues Point Road
McMahon's Point , NSW 2060 Australia

Website

<https://r3dresources.com.au>

Share Registry

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street, Sydney,
NSW, 2000

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
Independent Non-Executive Director

Richard Ash
Non-Executive Director

Company Secretary

Sonny Didugu

Auditors

BDJ
Level 8, 124 Walker Street
North Sydney NSW 2060
Australia

Legal Advisors

Sparke Helmore Lawyers
Level 29, 25 Martin Place Sydney
NSW 2000 Australia

