



ASX RELEASE (31 JULY 2023)

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

Highlights:

- Solvent extraction – crystallisation plant refurbishment completed. Copper levels in circuits building to allow crystallisation of copper sulphate with drying and bagging to commence this week.
- Higher than expected Copper assays in the ponds as determined from recent analysis will contribute to Copper Sulphate production in coming months and will delay the need to source copper from leaching the existing heaps.
- 100% offtake already in place with Kanins International to market Copper Sulphate production.
- Zeehan Zinc Slag project sale terms negotiated to party interested in processing the tailings - generating additional \$750,000 plus potential bonus payments on higher Gold price and/or higher than anticipated Gold production.
- Zinc slag shipments totalled 40,033 tonnes during the quarter.

R3D Resources Limited (ASX: **R3D**) (the **Company**), is pleased to report that it achieved two milestones during the June 2023 quarter – the completion of the refurbishing of the copper sulphate plant with imminent copper sulphate production as well as negotiating terms for the sale of the Zeehan zinc slag project.

The Company expects an agreement to be executed shortly following the confirmation of some earlier metallurgical recovery tests (see earlier announcement today).

These milestones are part of R3D's transition to become solely focused on its Far North Queensland projects while at the same time extracting full value out of our Zeehan zinc slag project.

Managing Director of R3D Resources, Stephen Bartrop, commented:

"We are very pleased to be reporting that the Tartana Copper Sulphate plant refurbishment is now complete with production expected to commence this week. With a 100% offtake agreement already secured, this project will be a 'game changer' for the Company and will generate cash flows to support our broader exploration programme and take us closer to achieving 'self-funding' status."

Plant Refurbishment

The heap leach – solvent extraction plant located on the Tartana mining leases operated for around a decade before being placed in care and maintenance in 2014. The plant produced high quality copper sulphate pentahydrate and is reported to have produced 6,000 to 7,000 tpa with plant capacity at around 9,500 tpa.

R3D Resources Limited (ASX: R3D)

ACN: 111 398 040

r3dresources.com.au

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



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

Copper Sulphate Market and Offtake

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

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

The fundamentals of the copper market are considered attractive given demand increases from the electrification of vehicles and renewable energy while large copper mines tend to be facing higher costs and declining copper grades. Global research and consultancy group, Wood Mackenzie, recently suggested a net-zero global emissions scenario will require 9.7Mt of new copper supply to be added over the next decade. It estimates that

this would mean US\$23B investment per year will be needed over 30 years to deliver new copper projects to reach zero-carbon targets (source: TheAssay.com, Mixed Forecasts for 2023 Copper Price Levels).

Tartana Copper Resources

R3D announced a combined inferred – indicated copper resource of 45,000 tonnes of contained copper at an average grade of 0.45% Cu earlier in the year (see ASX announcement dated 9th February 2023). This resource was based on mineralisation drilled in the base of the shallow open pit which has previously mined the oxide copper mineralisation close to surface.

Cutoff Grade (% Cu)	TRANSITIONAL & OXIDE RESOURCES			TOTAL PRIMARY AND TRANSITIONAL		
	Tonnage (t)	Cu (%)	Contained Cu (t)	Tonnage (t)	Cu (%)	Contained Cu (t)
0	4,082,062	0.38	15,577	13,214,997	0.37	48,935
0.1	3,676,819	0.42	15,351	12,299,127	0.39	48,026
0.2	2,971,516	0.48	14,371	10,037,553	0.45	45,008
0.3	2,090,093	0.58	12,183	7,086,167	0.53	37,515
0.4	1,503,603	0.67	10,090	4,623,416	0.63	29,080
0.5	1,044,386	0.78	8,102	3,044,249	0.72	21,996
0.6	707,985	0.88	6,225	1,981,924	0.81	16,137
0.7	456,542	1.01	4,601	1,176,296	0.93	10,894

Figure 2. Transition and primary resources at different cut-off grades.

The Company also reported that subsequent ore sorting in Tomra ore sorting trials indicated there was potential for a significant upgrade in the average grade of the resource. This is supported by the simple mineralogy of the mineralisation comprising chalcopyrite – pyrite stockwork veins in relatively barren arkosic sandstone host rock.

The Company is now finalising the planning of a drilling programme to extend the mineralisation to be able to report a target of 100,000 – 150,000 tonnes of contained Copper. Previous exploration by the Company has indicated that the mineralisation is continuous extends to at least 450 m below the surface while the proposed drilling will define mineralisation to around 200 to 250 m below the surface.

Queen Grade Maiden Zinc Resource

Early in 2023 R3D announced a maiden zinc resource for the Queen Grade zinc project within the Tartana Mining leases. The inferred mineral resource at various zinc cutoff grades as outlined in Figure 4 at various zinc cut off grades (see ASX announcement dated 14 February 2023).

Grade Cut off (%)	Tonnes (kt)	Zn Grade (%)	Density (t/m³)	Zn (kt)
0.5	734	5.29	3.14	38.9
1.5	563	6.62	3.14	37.3
2.5	495	7.25	3.14	35.9
5	355	8.63	3.14	30.6

Figure 4. Inferred Mineral Resources (JORC) at various zinc cut off grades. Source: BMS.

The inferred mineral resource dimensions have been estimated within a 130m (strike) by 20m (width) by 160m (depth) volume and open at depth. The Company is currently reviewing drilling options to extend and upgrade this mineralisation.

Mountain Maid Gold Resource

Early in the year the Company reported an inferred resource for the Mountain Maid project based on remodelling and reinterpretation of historical data and which incorporated more recent drilling (see ASX announcement dated 20th February 2023). As noted in the report the Company believes that the Mountain Maid deposit has similarities with the Kidston Mine including sheeted quartz vein and quartz tourmaline breccias.

The resource comprises 415,000 oz at 0.34 g/t Au using a 0.2 g/t Au cut off grade or 247,000 oz at 0.48 g/t using a 0.3 g/t Au cut-off grade.

Mountain Maid remains open in several directions, particularly the most southerly section where intersections from drilling such as 19 m at 1.30 g/t from 34 m depth (MMR050) and 16 m @ 1.28 g/t Au from 50 m (MMRC041) remain open.

The Company is reviewing drilling options to extend the Mountain Maid resource which will also provide mineralised samples for Tomra ore sorting. The Company understands that ore sorting may be effective with Mountain Maid mineralisation as the gold is typically associated with heavy metals such as bismuth, tellurium, antimony, tungsten and molybdenum.

Other Exploration Projects

Minimal work was carried out on the other exploration projects with the Company focused on the commissioning of the solvent extraction – crystallisation plant and moving to Copper Sulphate production at Tartana.

Sale of Zeehan Zinc Project

Earlier today R3D announced that it has negotiated the sale of Intec Zeehan Residues Pty Ltd, the owner of the Zeehan Zinc project, in western Tasmania to Tailtek Pty Ltd (**Tailtek**). Tailtek are focused on extracting precious and base metals, including Gold, from a tailings dam present below and to the south of the zinc slag stockpiles. We understand that the tailings were deposited as part of flotation testwork of Hercules and Rosebery mine sulphide ores conducted early last century.

Salient terms of the agreement are:

- \$750,000 paid in three equal payments of \$250,000 with the first payment within 20 business days of signing the agreement, the second at the start of processing the tailings and the final payment within 6 months of the signing of the agreement.
- Tailtek to manage the required permitting to mine and process the tailings.
- Tailtek to manage and pay for site rehabilitation.
- R3D retains the right to mine, crush and export remaining zinc slag piles.

There are also additional bonus payments to R3D relating to Gold price increases and if Gold production is higher than expectations.

Zeehan Low Grade Furnace Slag/Matte Exports

During the quarter the Company exported approximately 40,000 tonnes of low grade furnace slag/matte from its Zeehan stockpiles and through the Burnie Port. Details of the shipments are outlined in Figure 13 below.

Shipment No.	Date of Departure	Ship	Zeehan Low Grade Furnace Slag/Matte (tonnes)
20	14-May-23	M/V Ocean Clio	20,017
21	28-Jun-23	M/V Lila Tochigi	20,016
			40,033

Figure 13. Low grade furnace slag/matte shipments during the quarter.

As at today, the Company notes a total of over US\$426,000 (over A\$640,000) is expected to be received by the Company from MCC, the Company's intermediary, in respect of Zinc slag sales which have been completed.

Corporate & Financing

Cash at the end of quarter was \$0.13 million due to expenditure relating to the Copper Sulphate production commencing and cash flow timings. R3D has requested the drawdown of the remaining \$500,000 available on its total \$1.5 million Convertible Note Facility with a third party investor (ASX Announcement: 16 December 2022). As at today, that investor is yet to meet their funding obligations to R3D and the Company is pursuing the investor accordingly.

The ongoing sales of Zinc slag and the proposed sale of the Zeehan project for \$750,000 will also support cash flow until Tartana Copper Sulphate production commences very shortly.

Additional Information Required under the Listing Rules

Information required under Listing Rule 5.31 – there were no payments for Exploration expenditure (refer Appendix 5B) reported during the quarter.

Information required under Listing Rule 5.31 – Production expenditure relating to Zeehan low grade furnace slag/matte shipments during the quarter totalled \$2,285,958 (refer appendix 5B).

Information required under Listing Rules 6.1 and 6.2 – amounts paid to related parties and their associates totalled \$160,290. This includes amounts paid under the service contracts with Troppo Resources Pty Ltd and Bruce Hills Pty Limited, amounts paid for Directors fees and consulting services to Jihad Malaeb and interest paid to Jihad Malaeb on his convertible note facility as detailed under item 7.6. Additionally, \$3,638 was paid to Bruce Hills Pty Ltd for bookkeeping services. The Company notes that these amounts reflect the savings detailed in the previous quarters report.

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

Further Information:

Stephen Bartrop

Managing Director

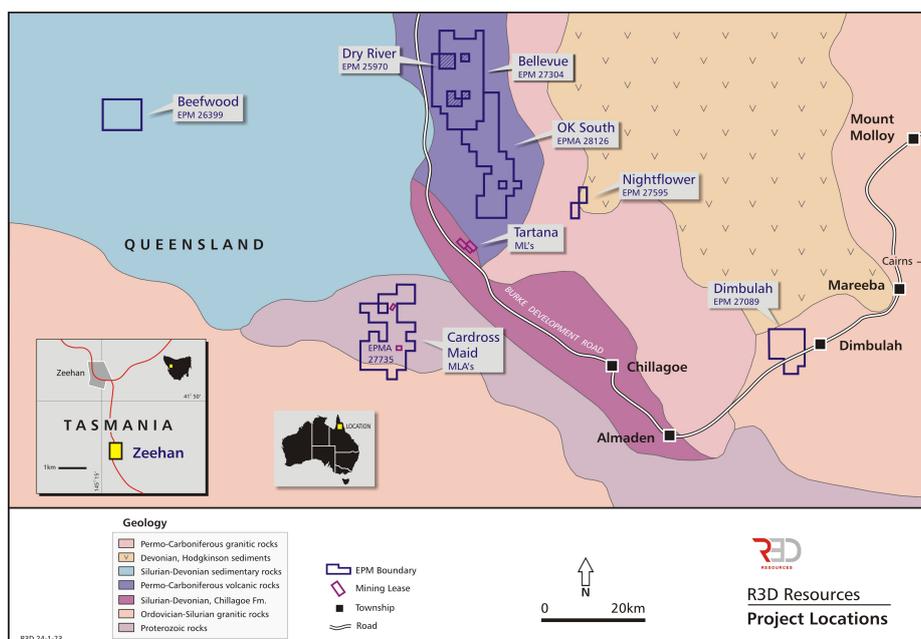
R3D Resources Limited

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About R3D Resources Limited

R3D Resources is a significant copper, gold, silver and zinc explorer and developer in the Chillagoe Region of Far North Queensland. R3D owns several projects of varying maturity, with the most advanced being the Tartana mining leases, which contain an existing heap leach – solvent extraction – crystallisation plant nestled between resource estimates of 45,000 tonnes of Copper at Tartana and 39,000 tonnes of Zinc at Queen Grade and 415,000 ounces of Gold at Mountain Maid, all reported to JORC standards.



Competent Person's Statement

The information in this Report that relates to Exploration Information is based on information compiled by Dr Stephen Bartrop who is a fellow of the Australian Institute of Geoscientists.

Dr Stephen Bartrop, Managing Director of R3D Resources, has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Stephen Bartrop is full-time personnel of R3D Resources and consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

Disclaimer Regarding Forward Looking Statements

This ASX announcement contains various forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

R3D Resources does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Table 2: Tenement information required under LR 5.3.3

Lease	Lease Name	Location	Ownership
Mother Lode Pty Ltd			
EPM25970	Dry River	90 km north of Chillagoe, Qld	100%
EPM27089	Dimbulah Copper	10 km west of Dimbulah Qld	100%
EPMA27220	Emuford	20 km SE of Petford Qld	100%
EPM27304	Bellevue Copper	90 km north of Chillagoe, Qld	100%
EPMA28126	OK South	50 km NNW of Chillagoe, Qld	100%
Chillagoe Exploration Pty Ltd			
EPM 26399	Beefwood	Approx 75 km NW Chillagoe Qld	100%
Oldfield Exploration Pty Ltd			
EPM27595	Nightflower	30 km north of Chillagoe	Transfer documentation being lodged and awaiting transfer
Tartana Resources Limited			
ML20489	Tartana Window	40 km north of Chillagoe Qld	100%
ML4819	Tartana North	40 km north of Chillagoe Qld	100%
ML4820	Tartana West	40 km north of Chillagoe Qld	100%
ML5312	Tartana Extended	40 km north of Chillagoe Qld	100%
Riverside Exploration (QLD) Pty Ltd			
EPM27735	Maid	45 km west of Chillagoe	100%
MLA100270	Maid	44 km west of Chillagoe	100%
MLA100271	Cardross	45 km WNW of Chillagoe	100%
Intec Zeehan Residues			
3M/2017	Zeehan Zinc Project	2.5 km south of Zeehan Western Tas	100%

Appendix 5B

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

Name of entity

R3D Resources Limited

ABN

53 111 398 040

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,852	7,878
1.2 Payments for		
(a) exploration & evaluation	(22)	(448)
(b) development	(115)	(443)
(c) production	(2,341)	(6,809)
(d) staff costs	(308)	(1,308)
(e) administration and corporate costs	(86)	(506)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	18
1.5 Interest and other costs of finance paid	(87)	(145)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	408	1006
1.9 Net cash from / (used in) operating activities	(698)	(757)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		(37)
(c) property, plant and equipment	(95)	(828)
(d) exploration & evaluation		(582)
(e) investments		
(f) other non-current assets	(147)	(586)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(242)	(2033)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4	669
3.2	Proceeds from issue of convertible debt securities		1000
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(16)	(257)
3.5	Proceeds from borrowings		516
3.6	Repayment of borrowings	(12)	(103)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		11
3.10	Net cash from / (used in) financing activities	(24)	1836

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1109	1,153
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(698)	(757)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(242)	(2033)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	1836

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(24)	(78)
4.6	Cash and cash equivalents at end of period	121	121

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	121	1,109
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	121	1,109

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	160
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,000	1,500
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,000	1,500
7.5 Unused financing facilities available at quarter end		500
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
The Company presently has three outstanding facilities, one of which includes an undrawn amount:		
<ol style="list-style-type: none"> 1. \$500,000 Convertible Notes: During the quarter, the Company converted an outstanding loan from Yaputri Pte Ltd to Convertible Notes which mature on 1 March 2024. The Note bears interest at 15% per annum and is unsecured. For further information see ASX Announcement dated 1 March 2023. 2. \$500,000 Convertible Note: In December 2022 (following shareholder approval) the Company issued a Convertible Note to the Chairman, Jihad Malaeb. The Note bears interest at 15% per annum and is unsecured. For further information, see ASX Announcement dated 20 October 2022. 3. \$1,500,000 Convertible Note Facility: During the quarter the Company issued \$1,000,000 in Convertible Notes which mature on 27 January 2024. The notes bear interest at 15% per annum and are secured by a general security against the Company's assets. Under the terms of the Notes, the Company may draw a further \$500,000 between 15 March and 15 June 2023. As at the date of this disclosure, the Company confirms it has made a drawdown request which was accepted by the investor, but as at today, the investor has yet to satisfy their obligations. For further information on the terms of the Facility, see ASX Announcement dated 16 December 2022. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(698)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(698)
8.4 Cash and cash equivalents at quarter end (item 4.6)	121
8.5 Unused finance facilities available at quarter end (item 7.5)	500
8.6 Total available funding (item 8.4 + item 8.5)	621
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.9
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

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

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

The Company does not expect to have the current level of net operating cash flows for the time being. The Company notes that (a) Zeehan Zinc Slag sales are ongoing, with cash received not reflective of the revenues generated due to the timing of invoicing/ payment of receivables – which the Company is actively chasing; (b) the Company has finally completed the Tartana Copper Sulphate plant recommissioning; and (c) revenues from the Tartana Copper Sulphate plant are due to commence during this quarter.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

As detailed above, there is an additional \$500,000 in convertible note financing that is available to the Company and is due to be received. The Company will also see a material cash inflow of \$750,000 from the proposed sale of the Zeehan project as detailed in the Quarterly Activities Report. Additionally, the Company expects to receive over A\$640,000 from sales of Zinc slag which have been completed but funds are yet to be received. Although the Company does not presently consider further cash necessary (given the cash position should be remedied by reasons above), should further cash be required, the Company will explore a debt or equity raising which it considers is likely to be successful as have previous such ventures.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Company confirms it expects to be able to continue its operations and to meet its business objectives. The Company refers to the above as the basis of that expectation.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023

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

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

Notes

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