



**R3D Resources Limited | ACN: 111 398 040 | ASX: R3D**

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31 January 2022

## **Quarterly Activities Report for Period Ended 31 December 2021 and Appendix 5B**

### **Highlights**

- **Completion of a 1,667 metres (m) three-hole wild cat diamond drilling programme at Tartana which intersected broad zones of low-grade copper mineralisation with narrow higher-grade zones up to 4.54% Cu**
- **Initial scoping study parameters announced for the Copper Sulphate plant refurbishment**
- **Upgrading of heap leach material to Inferred Resource adding to copper inventory**
- **New Targets identified on the Bulimba/Beefwood and Bellevue Projects**
- **Application for OK South EPM based on geophysical trends extending south from the OK mines**
- **Appointment of a Technical Services Manager**
- **Zeehan low grade furnace slag/matte export shipments total 67,783 tonnes**
- **Cash at 31 December 2021: \$1.34m**

During the quarter R3D Resources Limited (R3D or the Company) has primarily focused on drilling the untested IP anomalies on the Tartana mining leases, advancing scoping studies on restarting the heap leach – solvent extraction – crystallisation plant, which will produce copper sulphate and the generation of exploration targets on both the Bulimba/Beefwood and Bellevue projects.

The Company is also pleased to report that there were no safety incidents during the quarter and the Company operates in compliance of Covid 19 advice from the State and Federal Governments.

### **Tartana Mining Lease Projects**

The Tartana mining leases have both exploration targets focusing on conventional copper targets below and to the east of the open pit as well as the separate Queen Grade Project zinc target.

Additionally, 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 was sourced by mining shallow oxide copper ore from the open pit.

### **Drilling Copper Targets**

As reported to ASX on 28 January 2022, R3D completed a 1,667m drilling campaign to test large IP copper targets away from the known copper mineralisation in the open pit area (see Figure 2). This was not targeting oxide mineralisation for the copper sulphate production but rather deeper sulphide mineralisation.

Details of the drilling are summarised in Figure 1 and the collar locations in Figure 2. Figure 2 also presents the shapes of revised exploration targets outlined in the announcement on the 28 January 2022.

Drillhole	Type	Collar Co-ordinates			Dip	Azimuth	Hole length	Core size
		X	Y	RL				
RDD001	Diamond	2089450	8126105	233	-75	202	522.9	HQ to 111.6m NQ to end of hole
RDD002	Diamond	2089444	8125770	241	-67	203	693.8	HQ to 50.6m NQ to end of hole
RDD003	Diamond	2089444	8125770	241	-60	38	450.9	HQ to 74.6m NQ to end of hole

Figure 1 – Drillholes completed as part of the Tartana copper exploration.

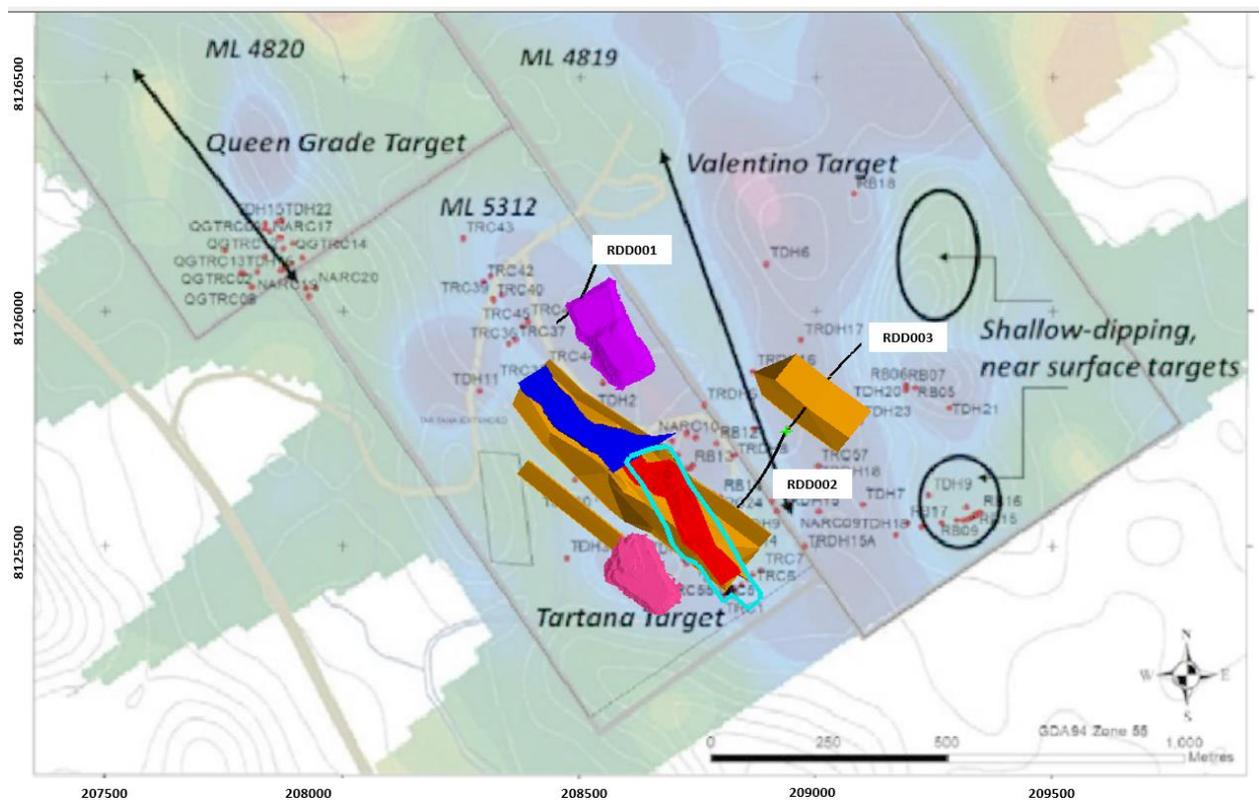


Figure 2. Plan view of exploration targets in brown on a resistivity map. The Valentino and Tartana targets were originally estimated by SRK (see Prospectus dated 26 May 2021). Note: The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Figure 3 lists the assays received to-date and which includes more than 1100 individual assays including assay results still being received last week.

Drillhole	From (m)	To (m)	Number of Assays Received
RDD001	20	40	20
RDD002	0	693.8	694
RDD003	0	320	319
RDD003	359	393	35
RDD003	409	450.9	41
			1109

Figure 3 – Drillholes sections where assay data from SGS has now been received.

Figure 4 lists the significant intersections from the drilling to-date and which have been reported in our earlier announcement. Figure 5 is a cross-section highlighting the position of the intersections from the current drilling along with intersections from historical drilling.

Drillhole	From	To	Intersection	Cu (%)	Ag (ppm)	Au (ppm)	Co (ppm)	Comments
RDD001	38	39	1	0.57%	10.4	0.03	52.8	Only assays between 20 and 40 m depth have been received
RDD002	185	187	2	0.55%	8.8	0.03	17.7	
RDD002	219	221	2	0.71%	4.5	0.02	31.9	
RDD002	301	303	2	0.44%	4.7	0.04	37.8	
RDD002	316	317	1	1.17%	6.5	0.02	30.6	
RDD002	321	322	1	0.40%	3.7	0	16.7	
RDD002	328	331	3	0.64%	3.4	0.02	29.9	
RDD002	343	344	1	0.99%	5.9	0.02	24.5	
RDD002	351	353	2	0.59%	2.3	0	15	
RDD002	380	382	2	0.35%	4.7	0	11.7	
RDD002	388	390	2	0.35%	3.5	0.01	10	
RDD002	298	390	92	0.16%	2.8	0.03	17	
RDD002	453	454	1	0.82%	27.4	0.02	57	
RDD002	504	505	1	0.56%	7.6	0.02	23.4	
RDD002	589	591	2	1.66%	32.6	0.09	53.3	RDD002 did not test the entire section of the pit due to hole deviation however this narrow zone does suggest mineralisation in the pit can extend to at least 500 m depth below the surface.
RDD003	20	21	1	4.54%	48.4	0.06	501.0	
RDD003	127	131	4	0.52%	4.0	0.02	38.5	
RDD003	143	152	9	0.71%	7.1	0.03	40.9	
RDD003	200	201	1	0.55%	3.8	0.02	23.6	
RDD003	206	208	2	0.35%	6.7	0.04	43.0	
RDD003	224	227	3	0.60%	5.4	0.02	17.9	
RDD003	239	242	3	0.46%	4.8	0.24	54.3	
RDD003	127	246	119	0.17%	2.9	0.03	20	Broad zone of sulphide mineralisation incorporating above intersections
RDD003	291	292	1	0.32%	29.1	0.00	51.1	

Figure 4 – Drill intersections from the recent drilling campaign.

The intersections have provided encouragement as:

- Based on the assays received to-date, both RDD002 and RDD003 have reported broad copper mineralised intersections i.e. RDD002 (92m @ 0.16%) and RDD003 (119m @ 0.17% Cu) which have numerous narrow higher grades zones as outlined in Figure 3. These mineralised zones are outside the existing open pit exploration target and represent zones requiring further exploration.
- Due to hole deviation RDD002 was unable to test the mineralised sequence directly below the open pit. However, the mineralisation that was intersected (2m at 1.66% Cu, 32.6 g/t Ag) was more than 450m below mineralisation at the surface suggesting the likelihood the copper mineralisation intersected in the pit will continue to similar depths.
- Several zones from RDD001 reaffirm the NNE strike continuity of the mineralisation allowing a refinement of the exploration targets.

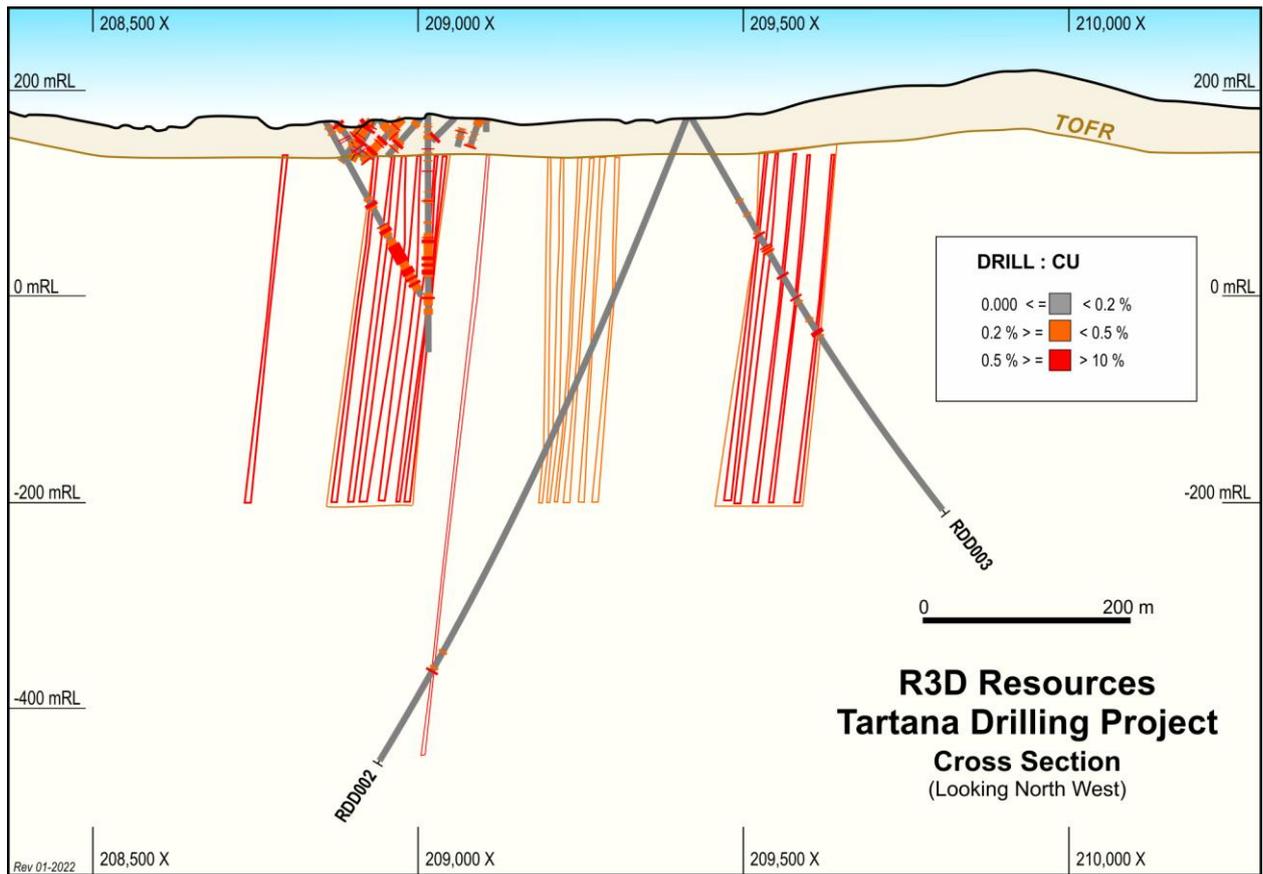


Figure 5. Cross section showing the path of drillholes RDD002 and RDD003.

### Tartana Heap Leach – Solvent Extraction - Crystallisation Plant Update

The Company has continued to advance the restart of the Heap Leach – Solvent Extraction – Crystallisation plant which produced copper sulphate for more than a decade prior to being placed on care and maintenance in 2014.

The recent focus has been on scoping the refurbishment costs and pre-production timetable. The Company has announced the initial scoping project parameters which are for steady state production expected after a 12 month ramp up period following commissioning.

#### Project Parameters

Production Rate	6,000 - 7,000 tpa
Pre-production time	6 months
Refurbishment capex excluding working capital	\$1.21 million
Working capital	\$205,000
Indicative copper sulphate price (based on US\$9,741/t Cu price)*	\$3,513 A\$ per tonne
Preliminary copper sulphate production costs excluding copper sourcing	\$854 A\$ per tonne

\*the price of copper sulphate is based on the LME copper price plus a premium

Figure 6. Initial scoping study parameters for the refurbishment of the solvent extraction – crystallisation plant.

*The Scoping Study referred to in this report is based on low-level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.*

As the copper sulphate price is directly linked to the LME copper price, the recent increase in copper price has improved the economics of restarting production. The Company is in discussion with two separate offtake parties, both of which have expressed a potential interest in providing project financing.

### Heap Leach Resource Upgrade

The Company announced on the 28 January 2022 that it has upgraded the heap leach material to inferred resource status (see Figure 7).

Mineral Resources	Classification	Cut-off Grade % Cu	Ore kt	Cu grade %	Contained Cu tonnes
Heap leach resources on pad	Inferred	n/a	292.5	0.47	1364

*Figure 7. Inferred resource on the heap leach pads. See Appendix 1 of announcement of 28 January 2022 for JORC 2021 tables.*

This new resource continues to add to R3D's copper inventory on the mining leases which can provide a copper feedstock to the solvent extraction – crystallisation plant.

### Bulimba, Beefwood and Bellevue Projects

On the 13 December 2021 the Company reported that it had identified seven high priority copper/gold targets from the geophysical interpretation of Falcon Gravity and Magnetic Survey completed over the West Bulimba (Newcrest) and Beefwood Exploration Permits (EPM) (see Figure 8).

Significant gravity and magnetic anomalies, including co-incident features may indicate both intrusives and alteration and/or mineralisation. The Company has also identified a significant structural trend that extends from the survey area to the Tartana Porphyry Copper system based on government geophysical and geological structural data.

The next step is the commissioning a HeliTEM programme to locate conductors which may represent mineralisation associated with these anomalies and trends.

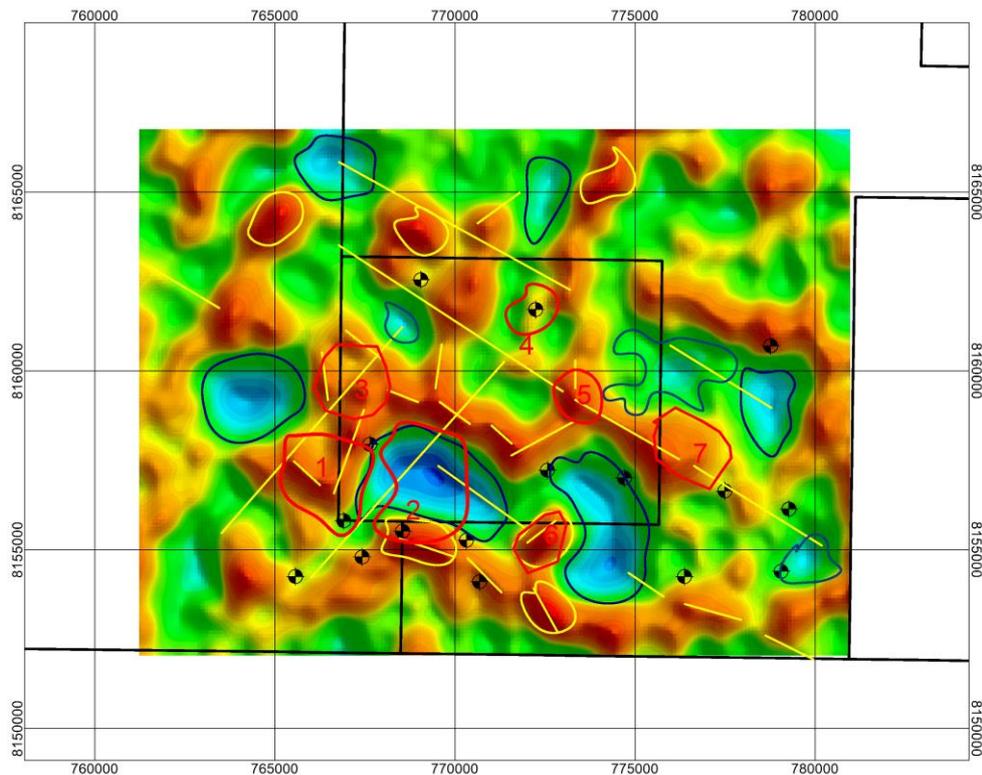


Figure 8 – Depth Slice through Gravity Model at 300m below surface. Black dots indicate the presence of magnetic remanence, low density zones circled in blue, high-density zones circled in yellow and potential structures shown in yellow. Potential zones of interest circled in red and labelled 1 – 7.

### Bellevue (Dry River) Project

As announced to the ASX on the 23 November 2021, three new significant gravity and magnetic anomalies have been identified at the Bellevue Project. These targets have also been generated from the interpretation of Falcon Gravity and Magnetics Survey and which includes previously unrecognized gravity highs adjacent to historical mines and prospects.

R3D has prioritized three targets out of dozen or so identified through the geophysical review and these are:

- Windmill and Bellevue copper prospect area
- OK Copper Mine area
- Area Z3

The targets have nearby ‘gravity highs’ and a level of cross faulting within magnetically anomalous zones. They also have mineralisation at surface or near surface and as in the case of the first two targets, have historical mining operations.

In addition, the remodelling has changed the interpretation of the mineralisation associated with the historical OK Mines from a VHMS to a potential larger scale mineralising system associated with haematitic alteration such as iron oxide – copper gold (IOCG) mineralisation.

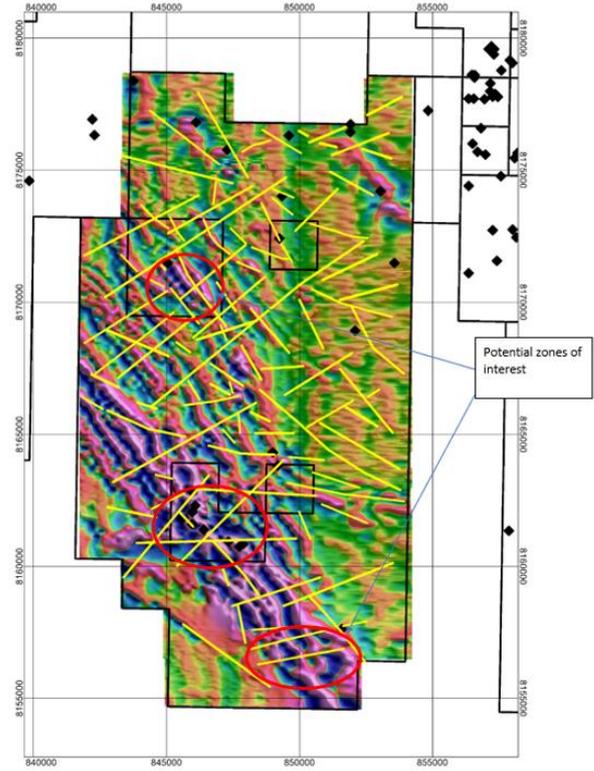
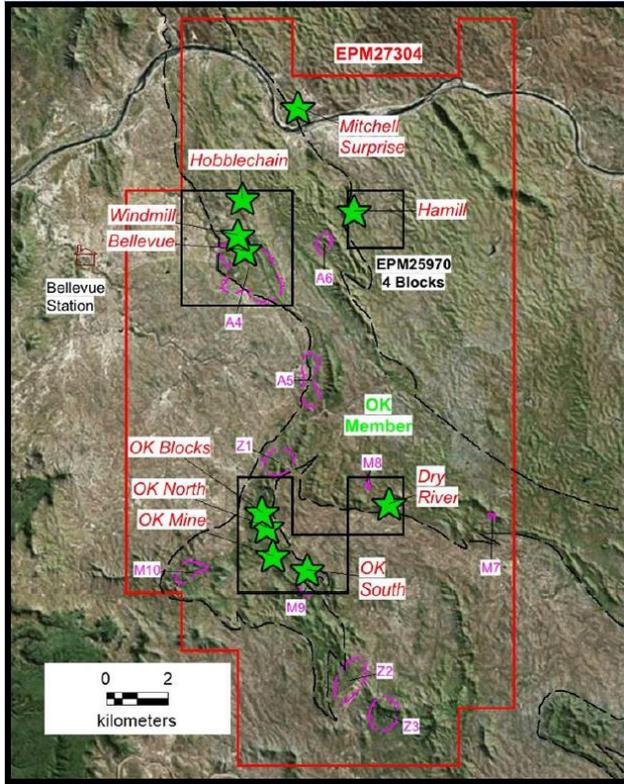


Figure 9a Bellevue and Dry River Tenements with historical prospects. 9b Bouguer Gravity Image with a Tilt Derivative applied to enhance discrete responses and trends. The data, in particular the vertical derivative and tilt derivative of the magnetics and gravity, also delineates a distinctive structural framework

### New EPM Application 28126 – OK South

The continuation of the lithologies and magnetic signatures to the southeast of the Bellevue/Dry River tenement has led R3D to apply for further tenure with the lodgment of EPM application 28126. This application covers 61 subblocks and covers some prospects with historical rock chip samples grading up to 3.38 g/t Au and 60 g/t Ag.



The next shipment is being loaded from the 29 January 2022 for approximately 10,000 tonnes. Further shipments are contingent on the granting of a Stage 2 Permit which will allow crushing and access to the Northern Stockpile. The Stage 2 permit application *Environmental Effects Report* is currently being assessed by the EPA.



Figure 12 – Loading the Sakura Fortune in December 2021.

### **Human Resources**

During the quarter the Company appointed Mr Wayne (Tom) Saunders to the role of Technical Services Manager. His role includes the technical management project activities, new project identification and negotiations and communications with all local stakeholders.

### **Corporate**

Cash on hand at the end of the quarter was \$1.34 million.

## Use of Funds

The table below outlines the use of funds as compared to the Company's prospectus dated 26 May 2021:

	Prospectus	Quarter 2 2022	Total to Date
Exploration	2,750,000	832,127	1,609,074
Expenses of the Offer	265,000	0	275,111
Administration	800,000	386,943	581,107
Repayment of Convertible Notes <sup>1</sup>		0	527,616
Repayment of Other Loans		11,801	138,878
Prepayment on Service Contracts <sup>2</sup>		0	165,000
General Working Capital <sup>3</sup>	484,551	(796,749)	(261,872)
Brokerage	170,000	0	145,114

The key variances to the spending as outlined in the prospectus are:

<sup>1</sup> The repayment of Tartana Convertible Notes plus accrued interest and other loans from plus accrued interest clears the long-term debt inherited in the takeover of Tartana and strengthens R3D's balance sheet going forward

<sup>2</sup> During the Offer period the Company entered into two marketing agreements with Market Index and Advis

<sup>3</sup> General working capital reflects the funding of the opening position of receivables due to Tartana and payables owing by Tartana and R3D and it also reflects timing differences between receipts from customers under the MCC contract and production related payments on the export zinc low-grade furnace slag/matte as part of our Zeehan project and GST refunds primarily comprising the GST on purchases against GST free export sales. While these amounts will be volatile because of the previously mentioned timing differences overall we expect these to be cash flow positive in future quarters and will be applied to cover future general working capital and administration costs.

### Additional Information Required under the Listing Rules

Information required under Listing Rule 5.31 – Exploration expenditure of \$666,000 (refer Appendix 5B) reported during the quarter primarily related to the balance of payments associated with Falcon magnetic/gravity surveys completed over Bellevue, parts of Bulimba and Beefwood projects and the drilling programme on the Tartana and Valentino targets as detailed in Drilling Copper Targets section of this report.

Information required under Listing Rule 5.31 – Production expenditure relating to Zeehan low grade furnace slag/matte shipments during the quarter totalled \$2,816,000 refer appendix 5B.

Information required under Listing Rules 6.1 and 6.2 – amounts paid directors and former directors totalled \$231,682 Including amounts under the service contracts with Troppo Resources Pty Ltd, Bruce Hills Pty Limited, and Warinco Services Pty Ltd. Additionally, \$8,699 was paid to Breakaway Research Pty Ltd and Bruce Hills Pty Ltd for office and bookkeeping services respectively.

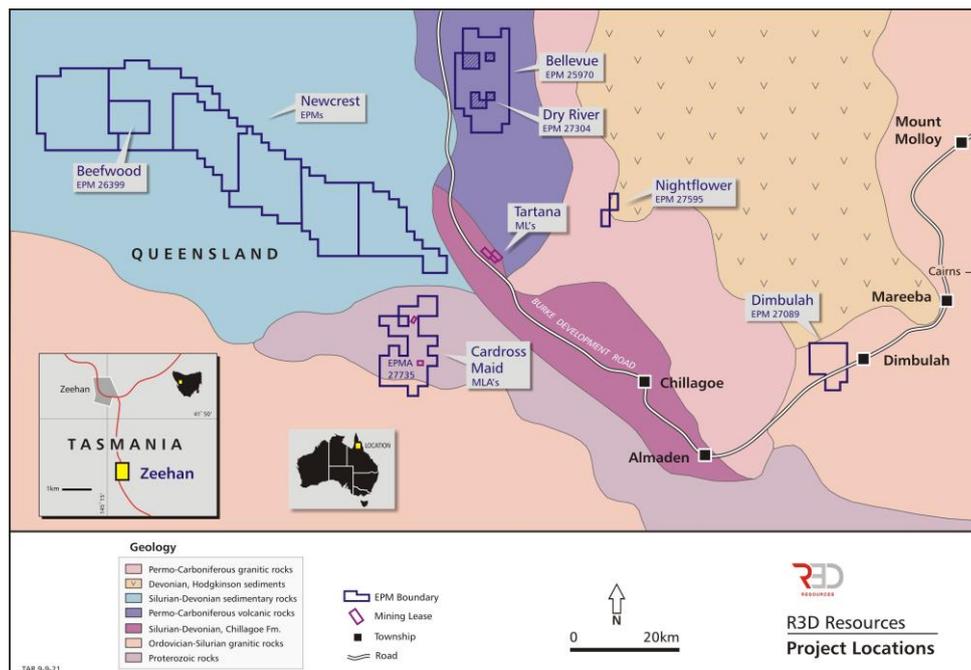
For further information:

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 Managing Director  
**R3D Resources Limited**  
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This announcement has been approved by the Board of R3D Resources Limited.

### About R3D Resources

In July 2021 R3D Resources Limited acquired Tartana Resources Limited, a significant copper-gold explorer and developer in the Chillagoe Region in North Queensland. The Company owns several projects of varying maturity, with the most advanced being the Tartana mining leases which contain an existing heap leach – solvent extraction – crystallisation plant. Work has commenced to restart this plant to provide future cash flow through the sale of copper sulphate. In Tasmania, Tartana has secured permitting to excavate and screen for export low-grade zinc furnace slag/matte from its Zeehan stockpiles in Western Tasmania and is shipping zinc slag to South Korea. These two projects have the potential to generate a cash flow to underpin the Company’s extensive exploration activities in the Chillagoe region.



### **Qualifying 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, 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 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 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 ASX LR 5.3.3**

Lease	Lease Name	Location	Ownership
<b>Mother Lode Pty Ltd</b>			
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%
<b>Chillagoe Exploration Pty Ltd</b>			
EPM26530	Bulimba 3	Approx. 75 km NW Chillagoe Qld	Subject to Bulimba agreement with Newcrest Mining
EPM26531	Bulimba 1	Approx. 75 km NW Chillagoe Qld	
EPM26532	Bulimba 4	Approx. 75 km NW Chillagoe Qld	
EPM26533	Bulimba 2	Approx. 75 km NW Chillagoe Qld	
EPM26738	Bulimba 5	Approx. 75 km NW Chillagoe Qld	
EPM26740	Bulimba 7	Approx. 75 km NW Chillagoe Qld	
EPM 26399	Beefwood	Approx. 75 km NW Chillagoe Qld	Subject to Option Agreement with Three Rivers Prospecting Pty Ltd and Mr Michael Thompson
<b>Oldfield Exploration Pty Ltd</b>			
EPM18864	Mount Hess	95 km southwest of Mackay, Qld	100%
EPM18865	Amber Creek	Approx. 35 km south of Chillagoe	100%
<b>Tartana Resources Limited</b>			
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%
<b>Wayne Thomas Saunders</b>			
EPM27595	Nightflower	30 km north of Chillagoe	Subject to Option Agreement with Tom Saunders

**Riverside Exploration (QLD) Pty Ltd**

EPMA27735	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%
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## 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")

**31 December 2021**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3,312	5,838
1.2	Payments for		
	(a) exploration & evaluation	(58)	(102)
	(b) development	(3)	(3)
	(c) production	(2,816)	(5,828)
	(d) staff costs	(331)	(569)
	(e) administration and corporate costs	(137)	(255)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		(28)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (includes GST refund linked to export sales)	372	378
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>339</b>	<b>(569)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		(22)
	(c) property, plant and equipment	(14)	(90)
	(d) exploration & evaluation	(666)	(1,205)
	(e) investments		
	(f) other non-current assets		
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)		291
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(680)</b>	<b>(1,026)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		4,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(82)	(681)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(12)	(643)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(94)</b>	<b>2,926</b>

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,794	51
4.2	Net cash from / (used in) operating activities (item 1.9 above)	339	(569)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(680)	(1,026)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(94)	2,926
4.5	Effect of movement in exchange rates on cash held	(30)	(53)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,329</b>	<b>1,329</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,329	1,794
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,329</b>	<b>1,794</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	240
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	339
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(666)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(327)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,329
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	1,329
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.06
<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>	
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: Yes – the net operating cash flows reflect R3D's exploration programme costs being offset against the net positive cash flow from slag/matte sales. As reported in the previous quarter the cash flow from slag matte is subject to differences driven by the timing of shipments and related payments around quarter end.	
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: Yes – as reported in the previous quarter and as part of the refurbishment and restart of the heap leach – solvent extraction crystallisation plant the Company is looking to obtain a combination of asset and offtake finance	

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: *Yes – as reported in the previous quarter:*

- *the level of exploration activities is expected to decrease until after the wet season finishes in April 2022.*
- *The export of slag/matte from the Company's Zeehan Project is expected to be cash flow positive in future quarters and will contribute towards operating cash flow.*
- *The Company continues to progress the refurbishment and restart of the heap leach – solvent extraction – crystallisation plant on the Company's Tartana mining leases and the re-start date will be advised to ASX when the current studies conclude.*

*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 January 2022**

Authorised by: **Authorised for release to the market by the R3D Resources Board of Directors**

## 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.