



RESOURCES

R3D RESOURCES LIMITED

ABN 53 111 398 040

**FINANCIAL REPORT FOR
THE YEAR ENDED
30 JUNE 2023**

R3D RESOURCES LIMITED – FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Directors

Jihad Malaeb
Non-Executive Chairman

Stephen Bartrop
Managing Director

Bruce Hills
Executive Director

Michael Thirnbeck
Non-Executive Director

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

Company Secretary

Sonny Didugu

Registered Office and Principal Place of Business

169 Blues Point Road
McMahons Point NSW 2060 Australia

Securities Exchange Listing

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

Website

<https://www.r3dresources.com.au>

Share Registry

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford Victoria 3067 Australia

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTOR'S 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 2023 (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.

Dr Stephen Bartrop (Executive Director, 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 a director of Southwest Pacific Bauxite (HK) Ltd, a company developing a bauxite project in the Solomon Islands and Chairman of Breakaway Research Pty Ltd.

Mr 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 Southwest 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, 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 B.Sc. (Hons.) degree from the University of Queensland.

Mr Jihad Malaeb (Non-Executive Director, appointed 15 June 2022, appointed Chairman 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 has been established over the past 30 years. Mr Malaeb was previously a 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 Richard Ash (Non-Executive Director, Member of the Audit and Risk Committee, Chairman), appointed 20 July 2021, resigned 28 November 2022

Education: B Ec 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 decarbonisation and the associated structural change.

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Mr 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 equity markets. Robert is a founding Executive Director of Oakhill Hamilton Pty Ltd.

COMPANY SECRETARY

Mr Robert Waring, appointed as Company Secretary on 23 March 2021 and resigned as company secretary on 31 July 2022.

On 28 June 2022, **Mr Sonny Didugu** was appointed joint company secretary. After Mr Waring's resignation Mr Didugu became the sole 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).

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	No. Eligible	No. Attended	No. Eligible	No. Attended
Stephen Bartrop	10	10	1	1	-	-
Bruce Hills	10	10	1	1	-	-
Michael Thirnbeck	10	10	1	1	-	-
Jihad Malaeb	8	8	1	1	-	-
Richard Ash	3	3	-	-	-	-
Robert Waring	1	1	-	-	-	-

From December 2022 and as at 29 September 2023 all directors are members of the Audit & Risk Committee however Mr Michael Thirnbeck sits as Chairman of the Committee when the Board convenes in that capacity. The Nomination and Remuneration Committee did not sit during the year, however when it next sits, the configuration will be Mr Michael Thirnbeck, Dr Stephen Bartrop and Mr Jihad Malaeb.

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.

There has been no significant change in the nature of these activities during the financial year.

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DIRECTOR'S REPORT

REVIEW OF OPERATIONS

The Group's net loss from continuing operations was \$(1,432,429) (2022: \$(6,350,273)). The net assets of the Group decreased by \$180,651 from \$6,983,902 at 30 June 2022 to \$6,803,251.

The Group has undertaken a number of activities during the year as part of the ongoing execution of the strategy as presented to the Company's Annual General Meeting in November 2022. The Group achieved a number of key milestones as follows:

- On 15 July 2022, R3D successfully placed the shortfall from its May 2022 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 Dr Stephen Bartrop and Mr Jihad Malaeb, \$70,000 from Mr Richard Ash, \$40,000 from Mr Michael Thirnbeck, and \$20,000 from Mr Bruce Hills. The issue of these related party shares was approved by shareholders at the Company's Annual General Meeting on 28 November 2022.
- On 28 July 2022, the Company advised that Mr Robert Waring resigned as a director effective 31 July 2022.
- On 12 October 2022 the Company announced it had exercised the option over the Nightflower silver project at a reduced exercise price.
- On 20 October 2022 Mr Jihad Malaeb was appointed Chairman. The outgoing Mr Richard Ash retired and did not seek re-election at the AGM held on 28 November 2022.
- On 2 November 2022 the company announced that it had secured a three-year offtake agreement with Kanins International for the exclusive sale and distribution of R3D's technical grade copper sulphate production.
- On 13 December 2022 the company announced that existing Directors (Jihad Malaeb, Stephen Bartrop, Bruce Hills, and Michael Thirnbeck) and a former Director (Richard Ash) had participated in a total placement of 3,300,000 shares at \$0.10 following approval at the 2022 Annual General Meeting.
- On 16 December 2022 the company announced it had secured a \$1million Convertible Note facility with a conversion price of \$0.15 which was drawn down on 27 January 2023. The company also secured an additional \$500,000 facility that can be drawn down at the company's election on 21 days' notice between 15 March and 15 June 2023.
- On 6 January 2023 the company announced that its agreement with Newcrest Mining Limited covering the Bulimba project area had lapsed and also that had decided not to renew its Amber Creek and Mt Hess tenements.
- On 9 February 2023 resulting from a drilling campaign in 2H CY 2022, the company increased its Tartana Copper Resources to 45,000 tonnes of contained copper at 0.45% using a 0.2% cut off grade.
- On 13 February 2023 the company announced that its Chief Operating Officer Mr Scott Jones had resigned due to personal reasons.
- On 14 February 2023 a maiden resource estimate of 39,000 tonnes of contained zinc at 5.29% Zn using a 0.5% Zn cut off for Queen Grade Zinc deposit was announced.
- On 20 February 2023 an increase to the Mountain Maid Gold inferred resource of 415 koz at 0.34g/t using a 0.2g/t cut was announced.
- On 1 March 2023 the company announced that an existing lender Yaputri Pte Ltd had agreed to refinance its \$450,000 loan into a \$0.15 convertible note at an interest rate of 15% per annum paid monthly. Outstanding accrued interest from the past 24 months of the existing loan was partly capitalised into the convertible note (\$50,000) and the balance of \$52,206 was paid in shares at \$0.065 per share.
- On 14 March 2023 the company announced that it had completed the transfer of the Beefwood gold project (EPM 26399) to Chillagoe Exploration Pty Ltd a 100% subsidiary of R3D Resources Limited.

During the financial year, the Group exported 130,969 wmt of slag to South Korea through the Burnie Port with the last shipment departing on 28 June 2023. On 19 August 2022 the Company announced that it had received the permits required to process the northern stockpile and to crush remaining oversize material of the zinc slag/ matte project in Western Tasmania. It also announced price increases agreed with the trader to cover increased production, transport and rehabilitation costs. These price increases, combined with favorable foreign exchange movements had increased the cash margin to approx. \$15.00 per tonne. Details of the shipments are set out in the Group's quarterlies announced to the ASX during the financial year.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

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Covid 19

Whilst COVID 19 had no significant impact on the Company's operations during the financial year to 30 June 2023, there remains uncertainty and risk on our exploration programs and the re-start of the copper sulphate plant.

Corporate

As at 30 June 2023, there were 145,651,578 shares on issue and 37,356,740 options (exercise price \$0.40 on 14 July 2026). During the financial year, the Group issued 9,042,000 shares as part of the placement detailed above, 3,300,000 shares issued to Directors as part of the May 2022 entitlement issue and placement, 1,303,170 to Yaputri Pte Ltd as part of the loan variation and conversion to convertible notes, 1,718,750 issued to acquire Beefwood and 825,176 shares for services and as part of the Chief Operating Officer's employment contract.

Employees

At 30 June 2023, the Group had 6 full-time employees and 2 casual employees (2022: 7 full-time and 2 casual employees).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Group other than those referred to in this financial report.

SIGNIFICANT EVENTS AFTER REPORTING DATE

Since the balance date the following events have occurred:

- On 22 July 2023 27,621,237 fully paid Ordinary shares and 15,024,252 unlisted options exercisable at \$0.40 expiring 14 July 2026 were released from ASX imposed escrow.
- On 27 July 2023 the Group announced that its solvent extraction – crystallization plant refurbishment was completed and that the pregnant liquor solutions was being pumped to the plant to enable copper sulphate pentahydrate production to commence. On 23 August 2023 the Company announced that production of the first bulka bag of copper sulphate was complete.
- On 31 July 2023 the Group announced that it had agreed terms for the sale of the Zeehan Zinc Project to Tailtek Pty Ltd for \$750,000 plus bonus payments linked to the gold price and production.

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 2023 and 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.

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DIRECTOR'S REPORT

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds mining licenses issued by the Queensland Department of Resources and Mineral Resources of Tasmania. The license 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 willful 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.

On 16 December 2022, the Company announced that as part of the convertible note funding an additional \$500,000 facility could be requested. The Company made this request on 15 June 2023. As at the date of these accounts this request has not been met. The Company continues to pursue the Noteholders to fulfil its obligations under the note and it may have to resort to taking legal action against the Noteholders unless that drawdown is satisfied. However, the Company has assumed for the purpose of assessing going concern, on a worst-case basis and without prejudice to its rights to pursue the Noteholders, that the likelihood may be low of receiving such funds

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DIRECTOR'S REPORT

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 2023. 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, resigned 28 November 2022)	Chairman, Non-executive director
R Waring (appointed 20 July 2021, resigned 31 July 2022)	Non-executive Director, Company Secretary
M Thimbeck	Non-executive Director
J Malaeb (appointed 15 June 2022, appointed Chairman 20 October 2022)	Chairman, 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, resigned 13 February 2023)	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.

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DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED) (continued)

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.

	2023	2022	2021²	2020²
	\$	\$	\$	\$
Revenue	8,798,286	10,485,989	241,778	306,475
Net profit/(loss)	(1,432,429)	(6,350,273)	(885,151)	(301,292)
Share price at year-end	0.03	0.115	0.055 ¹	0.055
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.

2023	Short-term Benefits	Post-employment Benefits	Share based payments¹	Total
	Salary and directors' fees			
	\$	\$	\$	\$
Non-executive directors				
R Ash	31,644	-	-	31,644
R Waring ³	6,419	-	-	6,419
M Thimbeck	33,123	-	-	33,123
J Malaeb	182,659	-	-	182,659
Executive Officers				
S Bartrop	231,331	-	-	231,331
B Hills	183,255	-	-	183,255
S Jones	93,725	-	40,890	134,615
Total	762,156	-	40,890	803,046

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DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of key management personnel (continued)

2022	Short-term Benefits Salary and directors' fees \$	Post- employment Benefits \$	Share based payments ² \$	Total \$
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	-	-	-	-
Executive Officers				
S Bartrop	272,500	-	-	272,500
B Hills	222,570	-	-	222,570
S Jones	-	-	-	-
Total	817,480	179	58,623	876,282

¹ As part of Mr Scott Jones remuneration package he is entitled to receive payments in shares totalling \$75,000 and paid on three- monthly instalments based on a VWAP over the preceding three-month period.

² 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.

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.

No options under the ESOP were granted during the year to directors (30 June 2022: 2,500,000). 2,500,000 options remain outstanding as at 30 June 2023 (30 June 2022: 2,500,000).

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REMUNERATION REPORT (AUDITED) (continued)

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:

2023	Balance at the start of the year	Changes during the year	Balance at the end of the year
Ordinary shares	No.	No.	No.
Non-Executive Directors			
Michael Thirnbeck	1,200,000	400,000	1,600,000
Jihad Malaeb	4,500,000	1,243,801	5,743,801
Richard Ash	-	-	-
Robert Waring	2,394,697	-	2,394,697
Executive Officers			
Stephen Bartrop	9,622,650	1,310,000	10,932,650
Bruce Hills	3,274,837	200,000	3,474,837
Scott Jones	-	528,152	528,152

Notes:

- Jihad Malaeb's ending balance includes 5,500,000 Shares he holds as Jihad Malaeb <Ayoub Malaeb A/C> and 243,801 Shares he holds as the registered and beneficial holder. Jihad Malaeb <Ayoub Malaeb A/C> also holds 1 Convertible Note with a face value of \$500,000 convertible into 3,333,334 Shares as at the balance date.
- Richard Ash's ending balance is as at the date he ceased to be a director. At the time Richard Ash ceased to be a director, shareholders had earlier approved his participation in a placement to be conducted by the Company, raising \$70,000 from him at \$0.10 per share. This was completed following him ceasing to be a director.
- Robert Waring's ending balance is as at the date he ceased to be a director.
- Stephen Bartrop's ending balance includes the following holdings: 2,905,748 Shares held by Troppo Resources Pty Ltd, 2,115,510 Shares held by Seaside Property Investments Pty Limited, and 5,911,392 Shares held by Mr Stephen Bartrop & Ms Kerryn Wendy Chisholm <Fund on the Beach S/F A/C> and additionally Mr Bartrop has an interest in 6,425,777 Unlisted Options ex \$0.40 exp 14 July 2026.
- Bruce Hills's ending balance includes the following holdings: 3,039 Shares held by Bruce Hills, 2,133,272 Shares held by Bruce Hills Pty Ltd <Bruce Hills Super Fund A/C> and 1,338,526 Shares held by Bruce Hills Pty Ltd <Hills Calugay Family A/C> and additionally Mr Hills has an interest in 2,545,808 Unlisted Options ex \$0.40 exp 14 July 2026.
- Michael Thirnbeck additionally has an interest in 1,200,000 Unlisted Options ex \$0.40 exp 14 July 2026.

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REMUNERATION REPORT (AUDITED) (continued)

Key Management Personnel's Interests

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:

2023	Balance at the start of the year	Changes during the year ¹	Balance at the end of the year	Options vested and exercisable at end of year
Options	No.	No.	No.	
Non-Executive Directors				
Richard Ash	1,500,000	-	1,500,000	1,500,000
Robert Waring	890,200	-	890,200	890,200 ³
Michael Thirnbeck	1,200,000	-	1,200,000	1,200,000
Jihad Malaeb	-	-	-	-
Executive Officers				
Stephen Bartrop	6,425,777	-	6,425,777	6,425,777
Bruce Hills	2,545,429	-	2,545,429	2,545,429 ²
Scott Jones	-	-	-	-

¹ Held by director related entities, split 5,922,566 Fund on the Beach Superfund, 377,292 Troppo Resources Pty Ltd and 125,919 Seaside Property Investments.

² Held by director related entities, split 1,355,546 Bruce Hills Superfund and 1,189,755 Hills Calugay Family Trust.

³ Held personally and through director related entities, split 502,000 Robert Waring, 343,200 Warinco Services and 45,000 Warinco Services – Waring Super Fund.

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 a 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.

Since becoming Chairman, Mr Malaeb is entitled to payment of \$50,000 per annum in fees as Chairman, and an additional \$110,000 per annum for as long as he provides additional management and advisory services to the Company. At 30 June 2023, the balance payable to Mr Malaeb was \$112,131.

Letters of Appointment have been issued to the other NED with fees set at \$30,000 per annum. As at 30 June 2023, the balance payable to Mr Thirnbeck was \$35,258.

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

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REMUNERATION REPORT (AUDITED) (continued)

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, however since November 2022 the Company and Mr Bartrop have agreed to a reduction in professional fees of ~20% with current remuneration totalling \$217,000 per annum plus GST until such time that the Board resolves to return remuneration to normal.

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 2023, the outstanding balance is \$61,217 (30 June 2022: \$50,187).

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. From 1 July to 30 September 2022 the fee was per diem and amounts to \$1,500 plus GST. From 1 October 2022 the fee was changed to annual remuneration of \$160,000 plus GST per annum 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 2023, the outstanding balance is \$58,667 (30 June 2022: \$60,740)

R Waring - Warinco Services Pty Ltd

The Company had 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 up to his resignation on 31 July 2022.

The contract was 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 2023, the outstanding balance is \$nil (30 June 2022: \$23,136).

The contract was terminated on 31 July 2022.

This concludes the remuneration report, which has been audited.

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R3D RESOURCES LIMITED – FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023
DIRECTOR'S REPORT

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 \$6,845 in the current financial year. At 30 June 2023, the outstanding balance was \$4,200 (30 June 2022: \$nil).

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 \$37,983 in the current financial year. At 30 June 2023, the outstanding balance was \$38,318 (30 June 2022: \$22,874).

NON-AUDIT SERVICES

No non-audit services were provided for the year ended 30 June 2023.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration for the year ended 30 June 2023 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



Jihad Malaeb
Chairman

Sydney, New South Wales

Date: 29 September 2023

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**R3D RESOURCES LIMITED – FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023
AUDITORS 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 2023, 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

28 September 2023



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Accounting

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Consolidated Group	
	Notes	Year ended 30 Jun 2023	Year ended 30 Jun 2022
		\$	\$
Sales Revenue			
Revenue from contracts with customers	3	8,798,286	10,485,989
Cost of sales		(6,682,843)	(10,456,803)
Gross Profit		2,115,443	29,186
Other income	3	118,771	54,070
Expenses			
Finance costs		(334,198)	(190,367)
Administration costs		(294,474)	(404,886)
Consulting fees		(899,136)	(776,453)
Employment expenses		(218,427)	(177,000)
Support services agreement		-	(101,898)
Depreciation and amortisation expense		(127,698)	(251,877)
Exploration and development expenses		(1,319,485)	(435,481)
Corporate restructuring expenses		-	(3,488,382)
Share based payments	24	(7,626)	(58,596)
Other expenses		(465,599)	(548,589)
Loss before income tax		(1,432,429)	(6,350,273)
Income tax expense	5	-	-
Loss for the period		(1,432,429)	(6,350,273)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Exchange difference on translating foreign operations		-	-
Total comprehensive loss for the period		(1,432,429)	(6,350,273)
Loss attributable to:			
- Owners of the parent		(1,432,429)	(6,350,273)
Total comprehensive loss attributable to:			
- Owners of the parent		(1,432,429)	(6,350,273)
Loss per share from continuing operations:			
Basic loss per share	20	(0.010)	(0.059)
Diluted loss per share	20	(0.010)	(0.059)

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Consolidated Group	
		30 Jun 2023	30 Jun 2022
		\$	\$
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	125,795	1,153,073
Trade and other receivables		200,463	170,888
Inventory	8	176,000	176,000
Other current assets	12	1,164,749	313,238
TOTAL CURRENT ASSETS		1,667,007	1,813,199
NON-CURRENT ASSETS			
Property, plant & equipment	9	4,309,385	3,152,568
Exploration & evaluation	10	6,284,597	5,249,963
Right-of-use asset	11	40,600	94,734
Other non-current assets	12	1,980,649	954,406
Financial Assets		13,735	17,085
TOTAL NON-CURRENT ASSETS		12,628,966	9,468,756
TOTAL ASSETS		14,295,973	11,281,955
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	(2,414,639)	(958,789)
Borrowings	17	(2,047,771)	(610,422)
Provisions	15	(201,449)	(232,877)
Other liabilities		(11,652)	(8,888)
Lease liability	14	(46,758)	(57,934)
TOTAL CURRENT LIABILITIES		(4,722,269)	(1,868,910)
NON-CURRENT LIABILITIES			
Lease liability	14	-	(46,758)
Provisions	15	(2,770,453)	(2,382,385)
TOTAL NON-CURRENT LIABILITIES		(2,770,453)	(2,429,143)
TOTAL LIABILITIES		(7,492,722)	(4,298,053)
NET ASSETS		6,803,251	6,983,902
EQUITY			
Issued capital	18	20,585,847	19,056,600
Shares to be issued		250,154	535,250
Accumulated losses		(14,191,310)	(12,758,881)
Reserves	19	158,560	150,933
TOTAL EQUITY		6,803,251	6,983,902

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Consolidated Group	Issued Capital	Share Based Payment Reserve	Shares to be issued	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
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	19,056,600	150,933	535,250	-	(12,758,881)	6,983,902
Balance as at 1 July 2022	19,056,600	150,933	535,250	-	(12,758,881)	6,983,902
Loss for the period	-	-	-	-	(1,432,429)	(1,432,429)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,432,429)	(1,432,429)
Share based payments	-	7,627	-	-	-	7,627
Issue of shares	1,596,537	-	(535,250)	-	-	1,061,287
Shares to be issued	-	-	250,154	-	-	250,154
Cost of shares issue	(67,290)	-	-	-	-	(67,290)
Balance as at 30 June 2023	20,585,847	158,560	250,154	-	(14,191,310)	6,803,251

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Consolidated Group	
	Notes	Year ended 30 Jun 2023 \$	Year ended 30 Jun 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,878,401	10,084,086
Payments to suppliers and employees		(8,178,594)	(12,340,326)
Interest received		16,936	15,540
Interest paid		(144,852)	(63,739)
Cash receipts from other operating activities		-	5,971
Net cash used in operating activities	7	(428,109)	(2,298,468)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(1,223,492)	(414,380)
Payments for exploration and evaluation		(832,284)	(1,778,107)
Payments for deposits		(586,023)	(329,206)
Net cash used in investing activities		(2,641,799)	(2,521,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing capital		662,752	6,128,295
Proceeds from shares to be issued		-	535,250
Repayment of borrowings		(65,527)	(591,750)
Proceeds from borrowings		1,500,000	-
Repayment of lease liabilities		(62,790)	-
Share based premium reserve		-	5,852
Share issue costs		(67,291)	(324,997)
Net cash used in financing activities		1,967,144	5,752,650
Net (decrease) / increase in cash and cash equivalents held		(1,102,764)	932,489
Effect of exchange rate changes on cash		75,486	(60)
Cash and cash equivalents at beginning of period		1,153,073	172,338
Cash acquired in reverse takeover		-	48,306
Cash and cash equivalents at end of period		125,795	1,153,073

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 2023 was authorised for issue in accordance with a resolution of directors on 29 September 2023.

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 was the exploration and development of mineral projects. 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 2022.

Comparative figures have been adjusted where required to conform to the presentation used in the current year.

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 a 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 2023 of \$(1,432,429) (30 June 2022: \$6,350,273) and experienced net cash outflows from operating activities of \$(428,109) (30 June 2022: \$(2,298,468)). At 30 June 2023, the Group had net current liabilities of \$(3,055,262) (30 June 2022: net current liabilities of \$55,711).

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue

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:

- (i) The rights to tenure of the area of interest are current; and
- (ii) 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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Depreciation is calculated on a straight-line basis so as to 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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share Based Payments (Continued)

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 as 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.

(c) New accounting standards and interpretations

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

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

(d) 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 2020-1: 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"

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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 2022 annual report.

Reverse acquisition

As discussed in note 17, the acquisition of Tartana Resources Limited ("Tartana") within the year ended 30 June 2022 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 Aus.IMM "Australian Code for reporting of Identified Mineral Resources or Ore Reserves". The information is prepared by or under the 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 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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 **(Continued)**

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 17) within the year ended 30 June 2022, the Group ceased to operate as a provider of investor relations, financial media and research for small-mid cap stocks.

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

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

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 3: SALES REVENUE AND OTHER INCOME

	30 June 2023	30 June 2022
	\$	\$
Revenue from contracts with customers		
Sale of low-grade furnace slag ore	8,798,286	10,485,989

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

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

Other income		
Sale – office rental services	27,100	15,000
Interest income	17,299	15,540
Other income	74,372	23,530
	118,771	54,070

NOTE 4: EXPENSES

<i>Employee and Directors benefits expense:</i>		
Employee benefits expense	(28,687)	38,147
Directors' fees	524,813	602,116
Other employee and directors' benefits (consulting fees paid)	168,497	198,162
Superannuation expenses	56,887	34,979
	721,510	873,404

NOTE 5: INCOME TAX

Income tax expense

	30 June 2023	30 June 2022
	\$	\$
Components of income tax expense		
Current income tax	-	-
Deferred income tax	-	-
Under/(over) provision in prior years	-	-
	-	-

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% (2022: 25%)	(358,107)	(1,587,568)
Add/(Less) Tax effect of:		
Other non-deductible amounts	476	6,719
Share based payments	29,024	27,149
Corporate restructure costs	-	872,095
Deferred tax position not recognised	328,607	681,605
	-	-

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 5: INCOME TAX (Continued)

	30 June 2023 \$	30 June 2022 \$
Current tax liability		
Current tax relates to the follow:		
<i>Current tax liabilities/(assets)</i>		
Opening balance	-	-
Income tax	-	-
Instalments paid	-	-
	-	-
Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Investments	4,606	3,769
Accruals	80,601	56,590
Provisions – Annual & Long Service Leave	2,365	9,537
Borrowing costs	12,500	11,113
Capital raising costs	62,208	64,999
Business related costs	157	209
Offset against DTL/Non-recognition	(7,429,995)	(5,646,885)
Tax losses	7,267,558	5,500,668
	-	-
Deferred tax liabilities balance comprises:		
Accrued revenue	(228,617)	-
Prepayments	(6,430)	-
Plant and equipment	(538,135)	-
Plant and equipment under lease	1,540	3,866
Exploration expenditure	1,988,913	(571,962)
Offset against DTA/Non-recognition	(1,217,271)	568,096
	-	-
Deferred tax assets not brought to account:		
Temporary differences	1,379,708	(429,610)
Operating tax losses	7,267,558	5,500,667
Capital losses	-	-
	8,647,267	5,071,057

Potential future income tax benefits attributable to gross tax losses of \$7,267,558 (30 June 2022: \$5,500,667) carried forward have not been brought to account at 30 June 2023 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:

- 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
- the Group continues to comply with the conditions for deductibility imposed by the law
- 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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 6: AUDITOR'S REMUNERATION

	30 June 2023	30 June 2022
	\$	\$
Auditing and reviewing the financial report	64,000	65,500

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 2023	30 June 2022
	\$	\$
Cash at bank and on hand	125,795	1,153,073

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

	30 June 2023	30 June 2022
	\$	\$
Profit (Loss) for the year	(1,432,429)	(6,350,273)
Depreciation expense	127,698	128,284
Rehabilitation Expense	100,296	144,827
Share based payments	7,626	-
Unrealised foreign currency (gains) / losses	2,082	-
Corporate Restructuring Expense	-	3,488,382
Impairment	674,309	15,075
<i>Movements in working capital</i>		
(Increase)/decrease in trade and other receivables	(29,575)	141,616
(Increase)/decrease in inventory	-	1,381,650
(Increase)/decrease in other current assets	(851,511)	540,719
(Decrease)/increase in trade and other payables	1,001,400	(1,121,230)
(Decrease)/increase in other current liabilities	(25,923)	(667,518)
	<u>(428,109)</u>	<u>(2,298,468)</u>

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 8: INVENTORY

Inventory comprises the copper contained in the ponds of the copper sulphate project.

	30 June 2023	30 June 2022
	\$	\$
Current		
Inventory – Copper in Ponds	176,000	176,000
	176,000	176,000

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	30 June 2023	30 June 2022
	\$	\$
Plant and equipment - at cost	2,308,970	1,093,531
Buildings - at fair value	490,000	490,000
Infrastructure & Site Improvements – at fair value	1,801,000	1,801,000
IT & Development costs – at cost	20,693	16,527
Office and other equipment at cost	48,271	47,320
Vehicles and equipment at cost	85,777	76,067
Accumulated depreciation	(455,326)	(371,787)
	4,309,385	3,152,568

Movement in property, plant & equipment

Balance at the beginning of the period, net of accumulated depreciation	3,152,568	2,748,893
Additions	1,230,381	477,825
Depreciation	(73,564)	(74,150)
Balance at end of period, net of accumulated depreciation	4,309,385	3,152,568

NOTE 10: EXPLORATION AND EVALUATION

<i>Areas of interest in the exploration and evaluation phases</i>	30 June 2023	30 June 2022
	\$	\$
Balance at the beginning of the period	5,249,963	2,252,524
Option to acquire the Beefwood Project	-	385,000
Exercise of option over Beefwood Project ¹	192,500	-
Exercise of option over Nightflower Project ²	250,000	-
Expenditure incurred during the period	1,266,443	2,612,439
Expenditure written off	(674,309)	-
	6,284,597	5,249,963

¹During the year, the Group gave notice of its intention to exercise its option in order to acquire the Beefwood Project. The Group issued 1,718,750 fully paid shares on 17 March 2023. The number of shares issued was determined with reference to the one-month VWAP prior to exercise date, being \$0.112 per share. There is an additional \$25,000 payable in administration costs and a 1% NSR royalty on future production from tenement EPM 26399.

² On 12 October 2022 the Company announced it had exercised the option over the Nightflower silver project. The exercise price was \$250,000 payable in shares at \$0.10 per share. There are also potential additional payments of \$100,000 in shares at a one-month VWAP for every additional 1 million ounces Ag above the base case up to a maximum of \$750,000.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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	94,734	148,868
Accumulated depreciation	(54,134)	(54,134)
	40,600	94,734

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 2023	Consolidated 30 June 2022
<i>Current</i>		
Accrued revenue	1,048,671	240,419
Prepayments	113,328	72,819
Deposits	2,750	-
	1,164,749	313,238
<i>Non-Current</i>		
Rental Bond	22,000	22,000
Security Deposit	208,500	19,550
Term Deposit ¹	912,856	912,856
Surety – Rehabilitation obligations ¹	837,293	-
	1,980,649	954,406

¹ Tartana Resources Limited has a DES approved Financial Assurance of \$1,750,149 (2022: \$912,856) obligation in place for the rehabilitation of the Tartana Mine Site. To fulfil this obligation as at 30 June 2023, the Group has a combination of guarantees \$912,856, cash deposited with Queensland Treasury \$396,823 and the remaining balance of \$440,469 is under a payment plan with Queensland Treasury.

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 2023 \$	Consolidated 30 June 2022 \$
<i>Unsecured</i>		
Sundry payables and accrued expenses	584,894	146,132
Queensland Government - Surety increase ²	440,469	-
Trade Payables ¹	1,389,276	812,657
	2,414,639	958,789

¹ Trade payables are non-interest bearing and are normally settled on 30 days end of month terms

² Represents the remaining balance of \$440,469 of the Financial Assurance amount as detailed in Note 12.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 14: LEASE LIABILITIES

	30 June 2023 \$	Consolidated 30 June 2022 \$
Current		
Lease liabilities	46,758	57,934
Non-current		
Lease liabilities	-	46,758

The total cash outflow for repayment of leases amount to \$62,790.

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 as a right-of-use asset and a corresponding lease liability.

NOTE 15: PROVISIONS

	30 June 2023 \$	30 June 2022 \$
Current		
Employee benefits – annual leave	1,449	32,877
Provision – Rehabilitation (i)	200,000	200,000
	201,449	232,877
Non-current		
Provision – Rehabilitation		
Carrying amount at the beginning of the year	2,377,115	1,139,111
Movement in provision during period (ii)	385,326	1,238,004
Carrying amount at the end of the period (ii)	2,762,441	2,377,115
Employee benefits – long service leave	8,012	5,270
	2,770,453	2,382,385

The rehabilitation provision represents:

(i) *Intec Zeehan Residues*

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

(ii) *Tartana Copper*

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 16: FINANCIAL LIABILITIES - BORROWINGS

	30 June 2023 \$	30 June 2022 \$
Third party borrowings	2,047,771	610,422
Convertible Notes	-	-
	2,047,771	610,422
Balance at the beginning of the period, at amortised cost	610,422	772,438
Acquired on acquisition	-	485,579
Loan from Director (J.Malaeb) ¹	500,000	-
Convertible Notes issued ³	1,000,000	-
Accrued interest	(47,123)	22,315
Arteva Funding	(65,527)	80,090
Extinguishment of Yaputri Loan ²	(450,000)	-
Convertible Notes issued to Yaputri ²	500,000	-
Conversion of Convertible Notes	-	(250,000)
Repayment of Convertible Notes	-	(500,000)
Balance at end of year, at amortised cost	2,047,771	610,422

¹ On 20 October 2022, the Group announced Mr Jihad (Malaeb (Chairman) would provide a \$500,000 unsecured loan note to support the Tartana plant restart and other activities. The loan bears interest at 15% per annum paid monthly. At the Annual General Meeting on 28 November 2022 shareholders approved the loan note to become a convertible note with a \$0.15 conversion price. The Convertible Note was issued on 23 December 2022 and has a maturity date of 31 October 2023.

² The Group, as borrower, entered into a loan agreement with Yaputri Pte Ltd (Yaputri) as the lender, which was subsequently amended. The loan was for A\$250,000 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 agreed). The loan bore interest at 10% per annum. The loan was due to be repaid in full on 28 February 2023 as a result of a negotiated extension.

On February 2021, a further A\$200,000 of funds was received as part of the loan agreement with Yaputri. In return for agreeing to extend the loan agreement with the Group, on 20 July 2022 Yaputri received 500,000 shares at an issue price of \$0.10.

On 27 February 2023 the Group signed a Note Subscription Agreement with Yaputri for a loan amount of \$500,000 which was a refinance of the \$450,000 loan due 28 February 2023 into a \$0.15 convertible note at an interest rate of 15% per annum paid monthly.

Outstanding accrued interest from the past 24 months on the existing loan was partly capitalised into the Convertible Note (\$50,000), with the remaining balance to be paid in shares at \$0.065 per share (\$52,206, 803,170 Shares). The convertible note was issued on 1 March 2023 with a 12 month maturity of 1 March 2024.

³ On 20 January 2023 the Group, as borrower, entered into a Note Subscription Agreement with various parties for a loan amount of \$1,000,000. The loan bears interest at 15% per annum paid monthly with a \$0.15 conversion price. The Convertible Note was issued on 27 January 2023 and has a maturity date of 27 January 2024.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 17: REVERSE ACQUISITION

During the financial year ended 30 June 2022, 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:

- 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)	2,357,352
Total consideration transferred	2,357,352

- (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 – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 17: REVERSE ACQUISITION (Continued)

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 18: ISSUED CAPITAL & RESERVES

	30 June 2023 \$	30 June 2022 \$
145,651,578 (30 June 2022: 129,278,584) fully paid ordinary shares	20,836,001s	19,056,600
Movement in share capital	Shares	\$
Balance at 1 July 2022	129,278,584	19,056,600
Shares issued in a placement to directors	3,300,000	330,000
Issue of shares to Yaputri as part of loan extension	500,000	50,000
Shares issued for cash in rights issue	9,042,500	904,250
Shares issued to exercise option over Beefwood Project	1,718,750	192,500
Issue of shares to Yaputri as part of debt refinancing	803,170	52,206
Employee salary package shares issued	183,398	-
Shares issued as payment to a consultant in lieu of cash remuneration	825,176	67,581
Cost of share issues	-	(67,290)
Balance as at 30 June 2023	145,651,578	20,585,847
Shares to be issued for exercise of option over Nightflower Silver Project ¹	-	250,154
Total	145,651,578	20,836,001

¹ During the year, the Group exercised option held to acquire the Nightflower Silver Project. It is anticipated these shares will be issued in the second half of calendar year 2023, upon resolution of licenses for exploration tenure being granted and/ or transferred to the Group. The ultimate number of shares to be issued will be determined with reference to the relevant terms within the underlying agreements applicable to each arrangement.

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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 19: OPTIONS ISSUED

37,334,395 (30 June 2022: 37,356,740) options

Movement in options

Balance at 1 July 2022

Share based payments expense¹

Balance as at 30 June 2023

	-	150,933
	<hr/>	
Options		\$
37,356,740		150,933
-		7,627
	<hr/>	
37,356,740		158,560
	<hr/>	

¹ Refer to note 24 for further details regarding share based payments

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 20: EARNINGS PER SHARE

	30 June 2023 \$	30 June 2022 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net loss	(1,432,428)	(6,350,273)
Weighted average number of ordinary shares used in calculating basic earnings per share	140,953,208	107,269,272
Effect of dilutive securities: Share options ¹	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	140,953,208	107,269,272

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

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 2023

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 21: PARENT ENTITY INFORMATION

Financial Position

	30 June 2023 \$	30 June 2022 \$
Assets		
Current assets	72,081	1,247,228
Non-current assets	15,120,486	15,138,497
Intercompany Loans to Subsidiaries	7,020,325	4,318,871
	22,212,891	20,704,596
Liabilities		
Current liabilities	2,435,317	310,023
Non-current liabilities	-	602,214
	2,435,317	912,237
Net Assets	19,777,575	19,792,359
Equity		
Issued Capital	85,079,600	83,835,449
Reserves	72,075	64,448
Accumulated losses	(65,374,100)	(64,107,538)
	19,777,575	19,792,359
Financial Performance		
Loss for the period	(1,266,561)	(1,169,009)
Other comprehensive income	-	-
Total comprehensive loss for the period	(1,266,561)	(1,169,009)

Contingent Liabilities

The parent entity had no contingent liabilities at 30 June 2022 and 30 June 2023.

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.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 21: PARENT ENTITY INFORMATION (Continued)

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	
		2023 %	2022 %
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.

NOTE 22: 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, resigned 28 November 2022)	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, appointed Chairman 20 October 2022)	Chairman, 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, resigned 13 February 2023)	Chief Operating Officer

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

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 2023 and the Company for the period from 20 July 2022 to 30 June 2023. 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 2022.

Further information regarding the compensation and equity instruments of Directors and Key Management Personnel is provided in the Directors' Report, as permitted by *Corporations Regulations* 2M.3.03.

	30 June 2023 \$	30 June 2022 \$
Short-term Benefits	762,156	817,490
Long-term Benefits	-	-
Post-employment Benefits	-	179
Share-based Payments	40,890	58,523
	803,046	876,292

NOTE 23: 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 22

(c) Subsidiaries

Interests in subsidiaries are set out in note 21.

(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 totaled \$6,845 in the current financial year. At 30 June 2023, the outstanding balance was \$4,200 (30 June 2022: \$13,440).

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 totaled \$37,983 in the current financial year. At 30 June 2023, the outstanding balance was \$38,318 (30 June 2022: \$22,874)

NOTE 24: 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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 24: SHARE BASED PAYMENTS (continued)

No options under the ESOP were granted during the year to directors (30 June 2022: 2,500,000). 2,500,000 options remain outstanding as at 30 June 2023 (30 June 2022: 2,500,000).

	30 June 2023 \$	30 June 2022 \$
Share based payments expense comprises:		
Share based payment expense for options issued to Key Management Personnel	7,627	58,623
Total share based payments expense recognised in profit and loss	7,627	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 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.

On 28 November 2022, Mr Richard Ash resigned as a Non-Executive Director of R3D, therefore, in line with AASB 2: *Share based payments* the expense was revised to reflect the second and third tranche no longer vesting. As a result, \$7,627 (2022: \$58,623) was expensed in relation to the ESOP options.

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 accounted for as share based payments in accordance with the Group's accounting policy set out in Note 1.

There were no options issued during the financial year ended 30 June 2023.

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

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 25: 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 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 18 to 19).

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.

(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:

2023	Weighted average interest rate	Floating interest rate \$	Fixed maturing in 1yr to 5 yrs \$	Non- interest bearing \$	Total \$
Financial assets					
Cash	0.00	125,795	-	-	-
Trade and other receivables	0.00	-	-	200,463	200,463
Total assets		125,795	-	200,463	200,463
Financial liabilities					
Loans	10.00	-	2,047,771	-	2,047,771
Trade and other payables	0.00	-	-	2,426,291	2,426,291
Total liabilities		-	2,047,771	2,426,291	4,474,062

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FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

2022	Weighted average interest rate	Floating interest rate \$	Fixed maturing in 1yr to 5 yrs \$	Non- interest bearing \$	Total \$
Financial assets					
Cash	0.00	1,153,073	-	-	1,153,073
Trade and other receivables	0.00	-	-	170,888	170,888
Total assets		1,153,073	-	170,888	1,323,961
Financial liabilities					
Loans	10.00	-	610,922	-	610,922
Trade and other payables	0.00	-	-	958,789	958,789
Total liabilities		-	610,922	958,789	1,569,711

Sensitivity analysis

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.

2023	Carrying amount \$	+0.5% interest rate profit & loss \$	-0.5% interest rate profit & loss \$
Cash at bank	125,795	629	(629)
Other assets	200,463	1,002	(1,002)
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)

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Credit risk arises principally from the group's trade receivables. It is the risk that the counterpart fails to disclose its obligation in respect of the instrument. Ongoing credit evaluation is performed on the financial condition of 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 p 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 meet 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.

2023	Contractual cash flows				
	Carrying amount \$	<6 months \$	6-12 months \$	>12 Months \$	On demand \$
Financial assets					
Term Deposits	912,856	-	-	912,856	-
Cash	125,795	125,795	-	-	-
Trade and other receivables	200,463	200,463	-	-	-
Total assets	1,239,114	326,258		912,856	-
Financial liabilities					
Trade and other payables	2,414,639	2,414,639	-	-	-
Other current liabilities	11,653	-	-	-	-
Borrowings	2,047,771	2,047,771	-	-	-
Total liabilities	4,474,063	4,462,410	-	-	-
Net maturity	(3,234,949)	(4,136,152)	-	912,856	-

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 25: FINANCIAL INSTRUMENTS (Continued)

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	-

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

NOTE 26: 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 2023	30 June 2022
	\$	\$
Payable not later than one year	397,600	641,800
Payable later than one year but not later than two years	<u>368,100</u>	<u>341,800</u>
	<u>765,700</u>	<u>983,600</u>

Other than the matter noted above, the Group has no other contingent liabilities as at 30 June 2023.

R3D RESOURCES LIMITED – FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

NOTE 27: EVENTS AFTER BALANCE DATE

Since the balance date the following events have occurred:

- On 22 July 2023 27,621,237 fully paid Ordinary shares and 15,024,252 unlisted options exercisable at \$0.40 expiring 14 July 2026 were released from ASX imposed escrow.
- On 27 July 2023 the Group announced that its solvent extraction – crystallization plant refurbishment was completed and that the pregnant liquor solutions was being pumped to the plant to enable copper sulphate pentahydrate production to commence. On 23 August 2023 the Company announced that production of the first bulka bag of copper sulphate was complete.
- On 31 July 2023 the Group announced that it had agreed terms for the sale of the Zeehan Zinc Project to Tailtek Pty Ltd for \$750,000 plus bonus payments linked to the gold price and production.

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.

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS' 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 2023 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 2023.



Bruce Hills

Executive Director

Sydney, New South Wales

Date: 29 September 2023

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

INDEPENDENT AUDITOR'S AUDIT 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 2023, 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 2023 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) Going Concern to the financial statements which states that the directors are investigating options to raise additional funds. Should these measures be unsuccessful, it would indicate a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and the Group's ability to pay its debts as and when they fall due. Our opinion is not qualified in respect of this matter.

Our opinion is not modified in respect of the above matters for the financial year ended 30 June 2023.

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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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
Deferred Exploration and Evaluation Expenditure \$6.3 million Refer to Note 10	
<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 2023 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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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

In our opinion, the Remuneration Report of R3D Resources Limited for the year ended 30 June 2023 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.

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.....
Gregory Cliffe
Partner

29 September 2023



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R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Additional ASX information

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 2023.

SPREAD OF SHAREHOLDERS

Spread of Holdings	Number of Holders	Number of Shares	% Issued Capital
1 – 1000	462	45,267	0.03
1,001 – 5,000	514	1,469,146	1.01
5,001 - 10,000	159	1,342,177	0.92
10,001 - 100,000	347	12,451,929	8.55
100,001 and over	152	130,343,059	89.49
	1,634	145,651,578	100.00

An unmarketable parcel is a shareholding with a value of less than \$500.00. As at 28 September 2023, there were 1,055 shareholders holding less than a marketable parcel of 10,000 shares (at \$0.05 per share) for a total of 2,056,960 Shares.

TOP 20 SHAREHOLDERS

Rank	Name	Shares	%
1	SCIDEV LTD	13,589,935	9.33
2	BNP PARIBAS NOMS PTY LTD <DRP>	6,572,745	4.51
3	HARDIE HOLDINGS PTY LIMITED	6,562,500	4.51
4	MR STEPHEN BRUCE BARTROP + MS KERRY N WENDY CHISHOLM <FUND ON THE BEACH S/F A/C>	5,535,392	3.80
5	MR JIHAD MALAEB <AYOUB MALAEB A/C>	5,500,000	3.78
6	MR EDGAR BARTROP	4,250,000	2.92
7	TCZ INVESTMENTS PTY LIMITED <TCZ SUPERANNUATION FUND A/C>	4,050,000	2.78
8	THREE RIVERS PROSPECTING PTY LTD	3,279,375	2.25
9	MR DUNCAN JOHN HARDIE	3,200,000	2.20
10	TROPPO RESOURCES PTY LTD	2,905,748	1.99
11	PAUL BROAD	2,464,979	1.69
12	BRUCE HILLS PTY LTD <BRUCE HILLS SUPER FUND A/C>	2,383,272	1.64
12	WARINCO SERVICES PTY LIMITED	2,129,809	1.46

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

14	SEASIDE PROPERTY INVESTMENTS PTY LIMITED	2,115,510	1.45
15	DJRJ SUPER PTY LTD <MENGEL SUPER FUND A/C>	2,020,000	1.39
16	BRMP PTY LIMITED	2,000,000	1.37
17	GOLDEN RATIO DESIGNS PTY LTD <GEO PROPERTY A/C>	2,000,000	1.37
18	GEORGE DJUHARI	1,875,000	1.29
19	MR MICHAEL ROBERT THIRNBECK	1,600,000	1.10
20	GHEERBRANT SUPER PTY LTD <GHEERBRANT FAMILY S/F A/C>	1,500,000	1.03
	Total Top 20	75,534,265	51.86
	Remaining Holders Balance	70,117,313	48.14

SUBSTANTIAL SHAREHOLDERS

The following holders are Substantial Holders of the Company with their details provided as at their last disclosure.

Name	Associates	Shares Held
Scidev Ltd		13,589,935
Duncan John Hardie	Hardie Holdings Pty Ltd	11,218,897
Stephen Bartrop	Tropo 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

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.

UNQUOTED EQUITY SECURITIES

The Company advises that it has 37,331,395 Unlisted Options on issue of which there are 469 holders. No single holder holds more than 20% of the Unlisted Options on issue. The Company additionally has three series of Convertible Notes on issue:

- 1,000 Convertible Notes each with a face value of \$1,000: Golden Family Investments Pty Ltd has an interest in 30% of this class of security, and Mr Yun Lou has a 20% interest in this class of security.
- 500,000 Convertible Notes each with a face value of \$1: Yaputri Pte Ltd has an interest in 100% of this class of security.
- 1 Convertible Note each with a face value of \$500,000: Mr Jihad Malaeb has an interest in 100% of this class of security.

R3D RESOURCES LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF RESTRICTED SECURITIES

The Company advises that there are no securities on issue which are restricted securities.

UTILISATION OF CASH

As this is the second 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 2023).

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