



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

Level 5, 52 Phillip Street, Sydney NSW 2000 Australia | T +61 2 9251 7177 | F +61 2 9251 7500

22 February 2021

**Maria Clemente**

Adviser, Listings Compliance

ASX Limited

20 Bridge Street,  
Sydney NSW 2000

By Email: [maria.clemente@asx.com.au](mailto:maria.clemente@asx.com.au)

**CONFIRMATION OF DISPATCH OF BIDDER'S AND TARGET'S STATEMENT**

R3D Resources Limited (**R3D Resources**) refers to its bidder's statement dated 5 February 2021 (**Bidder's Statement**) in respect of its all-scrip takeover offer for 100% of the fully paid shares and options in Tartana Resources Limited (**Tartana**).

A copy of the Bidder's Statement has been sent to each person who held securities in the bid class as at the date set by R3D Resources pursuant to section 633(2) of the Corporations Act 2001 (Cth) (Act) (**Tartana Shareholder**), as required by item 6 of section 633(1) of the Act.

The Company confirms that it has sent notices pursuant to items 7 and 9 of section 633(1) of the Act to Tartana and ASIC respectively.

R3D Resources also sent each Tartana Shareholder:

1. bidder's statement and acceptance form (attached); and
2. Tartana's target statement dated 19 February 2021 (attached).

Yours faithfully

Henry Kinstlinger  
Company Secretary

*\* sent electronically without signature*

ASX release authorised by Company Secretary



## **R3D Resources Limited**

**ACN 111 398 040**

**formerly**

**R3D Global Limited**

R3D Resources Limited's Offer  
to acquire all your ordinary shares and options in  
Tartana Resources Limited ACN 126 905 726

The Tartana Directors recommend that you **ACCEPT** the relevant  
Offer in the absence of a superior proposal.

## **Bidder's Statement**

in relation to recommended Offers by  
R3D Resources Limited  
(ACN 111 398 040)

to acquire all your ordinary shares and options in  
Tartana Resources Limited  
(ACN 126 905 726)

**The Consideration offered is:**

**One R3D Share with attaching R3D Options on a 1 for 5 basis for every one  
Tartana Share you hold; and**

**One R3D Option for every Tartana Option you hold.**

THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR BROKER, OR YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

To accept an Offer, you should follow the instructions on the relevant enclosed Offer Acceptance Form.

If you have any questions about the Offers, this document or how to accept an Offer, please contact the Offer Information Line on +61 2 9251 7177 (normal charges apply).

**If you are not inclined to accept an Offer immediately please retain this Bidder's Statement and the personalised Acceptance Forms for future action.**

## IMPORTANT INFORMATION

### General

R3D and Tartana signed an Implementation Deed on 3 December 2020 (as varied) which provides for the acquisition of Tartana by R3D, subject to a number of Conditions.

In order to comply with the Chapter 6 of the Corporations Act, the parties to the Implementation Deed have agreed that the desired outcomes will be best achieved through the conduct of a "recommended" takeover bid by R3D of Tartana.

### Public Offer

The will issue a Prospectus with respect to the Public Offer.

Included in the Prospectus will be an Independent Geologist's Report, Solicitor's Review of Mineral Tenements and Investigating Accountants Report and further and fuller details regarding the Company, Tartana Resources and their prospects. Investment Highlights and detailed risks are included. The Prospectus will be available at [www.r3d.com.au](http://www.r3d.com.au). The Company will make an announcement to ASX when the Prospectus has been lodged with ASIC.

### Bidder's Statement

This Bidder's Statement is given by R3D Resources Limited ACN 111 398 040 (**R3D**) to Tartana Resources Limited ACN 126 905 726 (**Tartana**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offers to acquire your Tartana Shares and Tartana Options.

This Bidder's Statement is dated 5 February 2021. It includes Offers on the Share Offer terms set out in section 12, the Option Offer terms set out in section 13, and the Defeating Conditions in section 14.

A copy of this Bidder's Statement was lodged with ASIC and ASX on 5 February 2021. None of ASIC, ASX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

### Notice to Foreign Tartana Shareholders and Tartana Optionholders

The distribution of this document and the making of the Offers may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. This document has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may differ from those in other countries.

The treatment of Offers to Foreign Shareholders and Optionholders is dealt with in section 12.9 of this Bidder's Statement.

### Forward-looking statements

Statements contained in this document may contain forward-looking statements including statements with respect to R3D's current intentions (which include those in section 7), statements of opinion and predictions of possible future events. Statements in this document that are not historical facts are 'forward-looking statements'.

Where a forward-looking statement appears in this document the maker of that statement has reasonable grounds for making the statement.

Forward-looking statements relate to future matters and are subject to inherent risks and uncertainties. These risks and uncertainties include risks that are specific to the mining industry

as well as matters such as general economic conditions, many of which are outside the control of R3D and its directors. These factors may cause the actual results, performance or achievements of R3D, Tartana or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. The past performance of R3D is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that future profits (or any other matter) will be achieved in the amounts or by the dates indicated and are presented as a guide to assist Tartana Shareholders and Tartana Optionholders in assessing an Offer. The financial information and other forward-looking statements are based on information available to R3D or Tartana at the date of this document and should be read in conjunction with the assumptions underlying their preparation as set out in section 8. Actual outcomes may differ materially from the events, intentions or results expressed or implied by any forward-looking statement in this document.

None of R3D, its officers, or persons named in this document with their consent or any person involved in the preparation of this document makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on any forward-looking statement, having regard to the fact that the outcome may not be achieved. The forward-looking statements in this document reflect views held only as at the date of this document.

### Estimates and assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this document are references to estimates, assumptions and derivations of the same by R3D management. Management estimates and assumptions are based on views at the date of this document, and actual facts or outcomes may be materially different from those estimates and assumptions.

### Investment decisions

The information provided in this document is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept an Offer.

### Notice to Tartana Shareholders in New Zealand

In offering R3D Shares and R3D Options under the Offers in New Zealand, R3D is relying on the Securities Act (Overseas Companies) Exemption Notice 2002. This document is not a prospectus or an investment statement under New Zealand law, and does not contain all the information that a prospectus or investment statement is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the relevant Offer.

### Internet sites

Each of R3D and Tartana maintains an internet site.

The R3D internet site is [www.r3d.com.au](http://www.r3d.com.au) and the Tartana internet site is at [www.tartanaresources.com.au](http://www.tartanaresources.com.au). Information contained in or otherwise accessible through these internet sites is not a part of this document. All references in this document to these internet sites are for your information only.

## Privacy

R3D, and its share registry Computershare Investor Services Pty Limited, may collect your information from the register of Tartana Shareholders and Tartana Optionholders for the purposes of making the Offers. If you accept an Offer your information may be used to administer your holding of R3D Shares and R3D Options. Your information may be disclosed on a confidential basis to R3D or its related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

## Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

## Time

All references to time in this Bidder's Statement are to Sydney Time.

## Defined terms

A number of defined terms are used in this document. Unless expressly specified otherwise, defined terms have the meaning given in the Glossary in section 16. All references to \$, \$A, dollars, c and cents are to Australian currency unless specified otherwise.

## Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

## 1. KEY DATES

|  |                                     |
|--|-------------------------------------|
| Announcement Date                                  | 4 February 2021                     |
| Register Date                                      | 5 February 2021                     |
| Bidder's Statement lodged with ASIC and dated      | 5 February 2021                     |
| Offers open  | 19 February 2021                    |
| Defeating Conditions Notice                        | 15 March 2021                       |
| Offers Closing Date (unless extended or withdrawn) | 7:00 pm (Sydney Time) 22 March 2021 |

*\* Tartana has given its consent to R3D despatching this Bidder's Statement to Tartana Shareholders on the date the Offers open, being a date earlier than would otherwise apply under section 633 of the Corporations Act.*

## 2. HOW TO ACCEPT

**Your relevant Offer Acceptance Form must be received in sufficient time for your instructions to be processed by 7:00 pm (Sydney Time) on 22 March 2021 unless the Offers are extended.**

Subject to sections 12.5 and 13.4 of this Bidder's Statement:

- (a) The Share Offer may only be accepted for all of your Tartana Shares.
- (b) The Option Offer may only be accepted for all your Tartana Options.

Post your completed Application Form in the enclosed reply-paid envelope to:

Computershare Investor Services Pty Ltd  
GPO Box 52  
Melbourne VIC 3001

For more details on how to complete your Offer Acceptance Form see section 12.6 (regarding the Share Offer) or section 13 (regarding the Options Offer) of this Bidder's Statement.

If you have any questions about the Offers or this document or about how to accept an Offer, please contact the R3D Offer Information Line on +61 2 9251 7177 (normal charges apply).

## 3. JORC QUALIFYING STATEMENTS

The information in this Bidder's Statement that relates to Exploration Information is based on information compiled by Dr Stephen Bartrop, Executive Chairman of Tartana, who has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code.

Dr Stephen Bartrop is a full-time personnel of Tartana and consents to the inclusion in the Bidder's Statement of the matters based on his information in the form and context in which it appears.

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5 February 2021

Dear Tartana Shareholder,

On behalf of the Board of R3D Resources Limited (**R3D**), we are pleased to enclose Offers to acquire all of your Tartana Shares and Tartana Options in Tartana Resources Limited (**Tartana**).

The Offers are:

- One R3D Share with attaching R3D Options on a 1 for 5 basis for every one Tartana Share you hold
- One R3D Option for every Tartana Option you hold

R3D is a listed but suspended company called R3D Resources Limited (ASX Code R3D). R3D approached the Tartana Board to provide a listing vehicle for Tartana shareholders by way of a reverse takeover. This is now being undertaken as a formal takeover offer.

In principle advice has been received from the ASX for the proposed re-listing of R3D on the basis of the acquisition of Tartana, a successful capital raising in early 2021, and an application for re-listing lodged with the ASX prior to 18 February 2021.

The two companies have signed an Implementation Deed which outlines the terms of the takeover of Tartana by R3D (**Transaction**) and both the Tartana and R3D teams are working towards a tight calendar for a re-listing in March 2021. It is to be noted that upon completion, the Transaction will result in a “reverse takeover” of R3D by Tartana as Tartana will acquire control of R3D.

The essential terms of the Transaction are an offer by R3D to Tartana Shareholders and Tartana Optionholders (subject to conditions precedent and other terms) of:

- one (1) R3D Share per each Tartana Share held by a Tartana Share Holder
- one (1) R3D Option per each five (5) Tartana Shares held by a Tartana Share Holder
- one (1) R3D Option per each Tartana Option held by a Tartana Option Holder

provided that:

- R3D completes a 1 for 4 consolidation
- There is a minimum 90% acceptance of Tartana Shares on issue
- R3D will be re-listed on the ASX and the quotation of R3D Shares will occur within 20 business days after Completion

Other aspects of the Transaction include:

- The ‘value’ of the Share Offer will be \$13.4 million based on a 20 cent R3D share price
- The market capitalisation of R3D after raising \$4.25 million at 20 cents per share and completing the acquisition of Tartana will be approximately \$20 million

The proposed indicative calendar for the Transaction provides for a re-listing late March 2021.

Conditions precedent to Completion of the Transaction are summarised in section 14. R3D announcements to the market can be found on the ASX website.

As with any investment there are risks and these are described in section 9 of this document.

The Offers are open until 7:00 pm (Sydney Time) on 22 March 2021 (unless extended under the Corporations Act). If you have any questions about the Offers, please do not hesitate to contact the R3D Offer Information Line on +61 2 9251 7177 (normal charges apply).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Daniel Yeo Chin Tuan'.

Daniel Yeo Chin Tuan,  
Chairman

## **1 REASONS WHY YOU SHOULD ACCEPT R3D'S OFFERS**

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### **1.1 Completion of the Offers will:**

- (a) provide a route to listing on the ASX for Tartana Share Holders as holders of the replacement securities in R3D received in the Share Offer;
- (b) inject funds to pursue the objectives of Tartana Shareholders;
- (c) realise value for shareholders of both companies
- (d) enable R3D to be readmitted to the Official List of the ASX; and
- (e) recommence trading of R3D securities.

### **1.2 Funds Injection**

R3D will complete a Public Offer through a Prospectus to raise \$4.25 million, which will provide 2 years of capital to apply to the programs of Tartana.

### **1.3 You will hold shares or options in a company listed on the ASX**

You will receive, respectively, fully paid ordinary shares and options in R3D.

### **1.4 A listed R3D is better placed to develop Tartana's assets**

Tartana is better placed to raise the substantial development capital required to develop Tartana's projects.



## 2 FREQUENTLY ASKED QUESTIONS

The information in this section is a summary only of R3D's Offers and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and Tartana's Target Statement sent to you at the same time as this Bidder's Statement, before deciding whether to accept an Offer.

| Question   | Answer   | Further information |
|--|--|---------------------|
| <i>What are R3D's Offers?</i>  | <p>R3D is offering to buy 100% of Your Tartana Shares and 100% of your Tartana Options by way of an off-market takeover bid by issuing to you:</p> <ul style="list-style-type: none"> <li>• One R3D Share with attaching R3D Options on a 1 for 5 basis for every one Tartana Share you hold</li> <li>• One R3D Option for every Tartana Option you hold</li> </ul>  | Sections 12 and 13  |
| <i>Who is making the Offer?</i>  | The Offers are being made by R3D Resources Limited formerly R3D Global Limited.  | Section 3           |
| <i>Are there any conditions to the Offers?</i>                               | <p>In summary, the Offers are subject to the following Defeating Conditions which must be met or waived:</p> <p>The conditions precedent of the Offers, being satisfaction of the conditions precedent under the Implementation Deed (as varied) (or waiver of any one or more of those conditions precedent in accordance with the Implementation Deed) and completion occurring under the Implementation Deed.</p>   | Section 14          |
| <i>What happens if the Defeating Conditions are not waived or satisfied?</i> | If the Defeating Conditions to the Offers are not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offers will lapse, and you will retain your Tartana Shares and Tartana Options.   | Section 14          |
| <i>What is this Bidder's Statement?</i>                                      | <p>This Bidder's Statement sets out the terms of the Offers for all your Tartana Shares and Tartana Options and information relevant to your decision on whether or not to accept an Offer. It has been issued by R3D under Part 6.5 of the Corporations Act for distribution to Tartana Shareholders and Tartana Optionholders.</p> <p>This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your Broker or your legal, financial or other professional adviser as soon as possible.</p> |                     |

| Question   | Answer  | Further information   |
|--|---|-----------------------|
| <i>What happens if I accept the Offers for my Tartana Shares or Tartana Options?</i>                       | <p>If you accept the Share Offer for all your Tartana Shares or the Option Offer and the Defeating Conditions are satisfied or waived, R3D will acquire your Tartana Shares and Tartana Options. In return:</p> <ul style="list-style-type: none"> <li>• Pursuant to the Share Offer you will receive one R3D Share with attaching R3D Options on a 1 for 5 basis for every one Tartana Share you hold</li> <li>• Pursuant to the Option Offer you will receive one R3D Option for every Tartana Option you hold. The R3D Options will have an exercise price of 40 cents and will expire 5 years from the date of issue</li> </ul>                         | Sections 12 to 14     |
| <i>When will I receive the Offer Consideration?</i>  | <p>If you accept an Offer and the contract resulting from your acceptance becomes unconditional you will receive the relevant Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date the relevant Offer is validly accepted by you or, if the Offer is subject to Defeating Conditions when you accept the Offer, within one month after the takeover contract resulting from your acceptance of the Offer becomes unconditional</li> <li>• 7 days after the end of the Offer Period</li> </ul> <p>and in any event before readmission of R3D's shares to the Official List of the ASX.</p> | Section 12.8 and 13.7 |
| <i>What if I accept an Offer and R3D then increases the Offer Consideration with respect to the Offer?</i> | You will receive the increased Offer Consideration even though you had already accepted the relevant Offer.   |                       |
| <i>Do I have to pay stamp duty or brokerage charges if I accept either Offer?</i>                          | There is no stamp duty or brokerage payable in relation to either of the Offers.  |                       |
| <i>When do the Offers close?</i>   | The Offer closes at 7:00 pm (Sydney Time) on 22 March 2021 unless extended under the Corporations Act. You will receive written notification of any extension.  |                       |
| <i>Can I accept an Offer in respect of part of my holding?</i>   | No, you may only accept an Offer in respect of all your Tartana Shares or all your Tartana Options.   |                       |
| <i>Are there any risks in accepting an Offer?</i>  | There are a number of risks that may have a material impact upon the implementation of the Offers, the future performance of the Merged Group and the value of R3D Shares including Tartana's ability to get its projects into production and normal market risks.  | Section 9             |

| Question  | Answer   | Further information |
|---|--|---------------------|
| <i>As a Tartana Shareholder or Tartana Optionholder what choices do I have?</i> | <p>As a Tartana Shareholder or Tartana Optionholder you have the following choices in respect of Your Tartana Shares or Tartana Options:</p> <ul style="list-style-type: none"> <li>• Accept the Share Offer or Option Offer or both in whole;</li> <li>• in the case of Tartana Optionholders, exercise your Options and accept the Share Offer in respect of the resultant Tartana Shares, or</li> <li>• do nothing.</li> </ul>  |                     |
| <i>What are the tax implications if I accept an Offer?</i>                      | You should seek your own advice. Section 10 contains a general summary of the likely major Australian tax consequences for Tartana Shareholders who accept the Share Offer and Tartana Optionholders who accept the Option Offer.  | Section 10          |
| <i>How do I accept an Offer?</i>  | <p>To accept an Offer, you should follow the instructions set out in</p> <ul style="list-style-type: none"> <li>• section 12 in respect of the Share Offer</li> <li>• section 13 in respect of the Option Offer</li> </ul>   | Section 0 and 13    |
| <i>Can I withdraw my acceptance?</i>  | Under the terms of the Offers you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.   |                     |
| <i>What happens if I do not accept the relevant Offer?</i>                      | <p>If you do not accept the relevant Offer, you will remain a Tartana Shareholder or Tartana Optionholder.</p> <p>If R3D acquires a Relevant Interest in 90% or more of Tartana Shares and the other conditions of the Offers are either satisfied or waived, and it is entitled to do so under the Corporations Act, R3D intends to proceed to compulsorily acquire your Tartana Shares which R3D will be entitled to compulsorily acquire in accordance with the Corporations Act. In that case, you will not be paid the consideration for your Tartana Shares until the end of the compulsory acquisition process.</p> |                     |
| <i>Where do I go for further information?</i>                                   | <p>If you have any questions about R3D's Offers, this Bidder's Statement or how to accept an Offer, please contact the Offer Information Line on +61 2 9251 7177 (normal charges apply).</p> <p>If you are in any doubt as to how to deal with this document you should consult your Broker or your legal, financial or other professional adviser as soon as possible.</p>  |                     |

### 3 PROFILE OF R3D

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#### 3.1 Sources of information

R3D Resources Limited (**R3D**) is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to Australian Securities Exchange (**ASX**) continuous reporting and disclosure obligations.

Copies of documents lodged with ASIC in relation to R3D may be obtained from, or inspected at, an ASIC office.

R3D will provide a copy of R3D's Annual Financial Statements for the year ended 30 June 2020 free of charge to any Tartana Shareholder who requests a copy during the Offer Period.

#### 3.2 Introduction

R3D Resources was incorporated in 2004 and was listed on the ASX in December 2004. Its principal operations are Public and Investor Relations in South East Asia.

Interest in the Company's business was dramatically curtailed with the advent of the Covid-19 pandemic. The Company's directors have determined that it is in the best interests of the Company that it diversifies its operations through the acquisition of Tartana Resources, providing an alternate business opportunity to benefit the Company's shareholders.

#### 3.3 Relevant Interests and voting power in Tartana

At the date of this Bidder's Statement, R3D does not have a Relevant Interest in Tartana Shares and it does not hold any shares in the issued capital of Tartana.

Because R3D has Relevant Interests in Tartana Shares representing nil%, R3D has nil% voting power in Tartana.

#### 3.4 R3D's Background

R3D Resources has one subsidiary company, R3D Singapore Pte Ltd.

It has previously changed its name from Verticon Group Limited to VGP Corporation Limited (22 March 2013) and to Redchip International Limited (21 December 2015) and to R3D Global Limited (28 November 2016).

The Company's current principal operations are Public and Investor Relations in South East Asia.

As a result of interest in the Company's business being dramatically curtailed with the advent of the Covid-19 pandemic, the Company's directors determined that it is in the best interests of the Company that it diversifies its operations through the acquisition of Tartana Resources, providing an alternate business opportunity to benefit the Company's shareholders.

Exploration for minerals will be the primary focus of the Company, subject to other future investment and business opportunities that may be identified by the Board.

Shareholders approved the change of name from R3D Global Limited to R3D Resources Limited at the Company's R3D AGM on 27 January 2021.

#### 3.5 Information on R3D's current directors & management

##### Directors and Officers

**Mr Daniel Yeo Chin Tuan**, (Non-Executive Director, Chairman appointed 31 August 2017, Chair of the Remuneration and Nomination Committee appointed 28 March 2017; Acting CEO.)

Mr Yeo has over 25 years' experience in senior executive roles in a wide range of corporate and commercial roles. Previously, he served as the CEO of Man Financial (S) Pte Ltd (now known as MF Global Singapore). He also served as a Vice President of Red Co Singapore and pioneered the Singapore futures and options market, building a distinguished track record, servicing high net worth clients in foreign exchange and bullion trading. Mr Yeo has served as an Independent Director of Top Global Limited since 2010. He previously served as a Director of ING Futures & Options (S) Pte Ltd, and as an Executive Director of UOB International Treasury.

Mr Yeo will retire at Completion of the RTO.

**Dr Tiffany Tsao**, (Non-Executive Director, Member of the Remuneration and Nomination Committee appointed 28 March 2017.)

Dr Tsao holds a PhD from the University of California, Berkeley, USA. She is currently a writer and editor of books that have been published by Amazon. She is an honorary associate at the University of Sydney, Australia. In the past, she has held

teaching positions as lecturer in the University of New South Wales, University of Newcastle and Georgia Institute of Technology in Atlanta, Georgia, USA.

Dr Tsao will retire at Completion of the RTO.

**Mr Muljadi Irawan**, (Non-Executive Director, Member of the Remuneration and Nomination Committee appointed 9 July 2018.)

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

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

Mr Irawan will retire at Completion of the RTO.

**Mr Michael Thirnbeck**, (Non-Executive Director, Member of the Audit and Risk Committee appointed 23 December 2013.)

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 University of Queensland.

Mr Thirnbeck will move to an executive director role at the Completion of the RTO.

#### **Company Secretary – Henry Kinstlinger MAICD**

Henry Kinstlinger has in the past thirty years been actively involved in the financial and corporate management of numerous public companies and non-governmental organisations across a wide range of sectors. He is a professional company secretary and corporate advisor with broad experience in investor and community relations, corporate and statutory compliance and capital raisings.

Henry has been instrumental in the growth of a number of listed entities including Australian Bauxite Limited (ASX: ABX), Force Commodities Limited (ASX: 4CE), The Hydroponics Company Limited (ASX: THC), Jayride Group Limited (ASX: JAY) and Kleos Space SA (ASX: KSS). Henry is also a Member of the Australian Institute of Company Directors (MAICD).

### **3.6 R3D Directors' interests in Tartana Shares and Tartana Options**

As at the date of this Bidder's Statement, the R3D Directors had the following Relevant Interests in Tartana Shares and Tartana Options:

| <b>Name of Director</b> | <b>Number of Tartana Shares</b> | <b>Number of Tartana Options</b> |
|-------------------------|---------------------------------|----------------------------------|
| Daniel Yeo Chin Tuan    | Nil                             | Nil                              |
| Michael Thirnbeck       | Nil                             | Nil                              |
| Tiffany Tsao            | Nil                             | Nil                              |
| Muljadi Irawan          | Nil                             | Nil                              |

Assessment considered that Tartana Shares and Tartana Options may be held either directly or indirectly by a R3D Director.

#### 4 R3D'S FINANCIAL INFORMATION

##### 4.1 Source of Information

The information in this section 4 is only a summary of R3D's historical financial information. Full details of R3D's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in R3D's yearly financial report for the year ended 30 June 2020 which can be found on the R3D website and in R3D's past announcements to the ASX.

##### 4.2 Summary R3D Consolidated Income Statement

| Statutory Historical<br>\$             |                  |                  |                  |
|--|------------------|------------------|------------------|
| Year ended 30 June                     | FY2018           | FY2019           | FY2020           |
| Revenue                                | 124,119          | 247,823          | 257,168          |
| Other income                           | 5,001            | 1,731            | 23,728           |
| Interest received                      | -                | -                | 245              |
| Professional fees                      | (265,645)        | (210,382)        | (148,332)        |
| ASX fees                               | (28,788)         | (15,431)         | (18,716)         |
| Employment expenses                    | (251,526)        | (235,682)        | (153,977)        |
| Depreciation and amortisation expense  | (2,004)          | (2,168)          | (51,605)         |
| Revaluation of investments             | -                | -                | 3,592            |
| Impairment expense                     | (22,000)         | (13,400)         | (15,900)         |
| Support services agreement             | -                | -                | (96,121)         |
| Other expenses                         | (176,413)        | (186,190)        | (126,708)        |
| <b>Profit/(loss) before income tax</b> | <b>(617,256)</b> | <b>(413,699)</b> | <b>(326,626)</b> |
| Income tax expense                     | -                | -                | -                |
| <b>Profit/(loss) for the period</b>    | <b>(617,256)</b> | <b>(413,699)</b> | <b>(326,626)</b> |

## 4.3 Summary R3D Consolidated Balance Sheet

| \$                                   | R3D Historical<br>Consolidated<br>Balance Sheet at<br>30 June 2020 |
|--------------------------------------|--|
| <b>Current assets</b>                |  |
| Cash and cash equivalents            | 131,825  |
| Trade and other receivables          | 71,622   |
| <b>Total current assets</b>          | <b>203,447</b>   |
| <b>Non-current assets</b>            |  |
| Plant and Equipment                  | 3,285  |
| Right-of-use asset                   | 114,418  |
| Investments                          | 7,370  |
| Other                                | 19,708   |
| <b>Total non-current assets</b>      | <b>144,781</b>   |
| <b>Total assets</b>                  | <b>348,228</b>   |
| <b>Current liabilities</b>           |  |
| Trade and other payables             | (192,804)  |
| Borrowings                           | (8,208)  |
| Contract liability                   | (39,177)   |
| Lease liabilities                    | (80,420)   |
| <b>Total current liabilities</b>     | <b>(320,609)</b>   |
| <b>Non-current liabilities</b>       |  |
| Lease liabilities                    | (35,043)   |
| <b>Total non-current liabilities</b> | <b>(35,043)</b>  |
| <b>Total liabilities</b>             | <b>(355,652)</b>   |
| <b>Net assets</b>                    | <b>(7,424)</b>   |
| <b>Equity</b>                        |  |
| Issued capital                       | 62,062,337   |
| Accumulated losses                   | (62,069,461)   |
| Reserve                              | (300)  |
| <b>Total equity</b>                  | <b>(7,424)</b>   |

## 5 INFORMATION ABOUT R3D SECURITIES

### 5.1 R3D issued securities

As at 30 June 2020, R3D has 44,147,058 R3D Shares on issue, of which 47,147,058 were quoted on ASX until suspended from trading on 26 February 2020.

Shareholders approved a 1 for 4 consolidation at the R3D AGM held on 27 January 2021. The number of R3D Shares on issue will reduce to 11,786,765 at completion of the consolidation.

### 5.2 Trading of R3D Shares

The Company's securities have been suspended from trading on the ASX since 26 February 2020.

The closing sale price of R3D Shares on ASX on 26 February 2020 (being the last Trading Day before the Company's securities were suspended) was 5.5 cents.

The highest recorded close price of R3D Shares on ASX in the four months to the last Trading Day before was 5.2 cents on 31 January 2020.

The lowest recorded close price of R3D Shares in the four months to the last Trading Day before was 4.1 cents on 4 December 2019.

### 5.3 Dividends

R3D has not paid dividends. R3D reviews its corporate dividend policy regularly and will continue to do so.

### 5.4 R3D substantial holders

As at 30 June 2020, (prior to the consolidation) the substantial shareholders in R3D were:

| Name of Shareholder          | Number of R3D Shares | Approximate % holding |
|------------------------------|----------------------|-----------------------|
| Petra Pacific Pte Ltd        | 7,910,167            | 16.77%                |
| Indonoble Resources Pte Ltd  | 7,817,941            | 16.58%                |
| Guilford Enterprises Limited | 5,443,755            | 11.54%                |
| Blanville Trading Ltd        | 4,000,000            | 8.48%                 |
| German Bulk Carrier Inc      | 3,500,000            | 7.42%                 |
| Mr Ng Han Whatt              | 3,500,000            | 7.42%                 |

### 5.5 Rights and liabilities attaching to the R3D Shares offered

A summary of the rights which relate to R3D Shares is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of R3D Shareholders.

**Voting:** At a general meeting of R3D on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every R3D Share held by them.

**Dividends:** The R3D Shares offered under the Share Offer will rank equally with all other issued shares in the capital of R3D and will participate in dividends out of profits earned by R3D from time to time. Subject to the rights of holders of R3D Shares of any special preferential or qualified rights attaching thereto, the profits of R3D are divisible amongst the holders of R3D Shares in proportion to the R3D Shares held by them irrespective of the amount paid up or credited as paid up thereon. The R3D Directors may from time to time pay to R3D Shareholders such interim dividends as in their judgement the position of R3D justifies.

**Winding Up:** Upon paying the application moneys, R3D Shareholders will have no further liability to make payments to R3D in the event of R3D being wound up pursuant to the provisions of the Corporations Act.



**Transfer of Securities:** Generally, R3D Shares are freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The R3D Directors may decline to register any transfer of R3D Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

**Sale of Non-Marketable Holdings:** R3D may take steps in respect of non-marketable holdings of R3D Shares to effect an orderly sale of those R3D Shares in the event that holders do not take steps to retain their holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to R3D Shares, investors should refer to the Constitution of R3D.

## 5.6 R3D top 20 shareholders

R3D's top 20 shareholders as at the date of this Bidder's Statement are listed in the table below.

| Rank | Holder Name  | No. of R3D Shares |
|------|--|-------------------|
| 1    | Petra Pacific Pte Ltd  | 7,910,167         |
| 2    | Indonoble Resources Pte Ltd  | 7,817,941         |
| 3    | Guilford Enterprises Limited   | 5,443,755         |
| 4    | Blanville Trading Ltd  | 4,000,000         |
| 5    | German Bulk Carrier Inc  | 3,500,000         |
| 6    | Mr Ng Han Whatt  | 3,500,000         |
| 7    | Emilan Holdings Pte Ltd  | 2,000,000         |
| 8    | Dr Leslie Kuek Bak Kim   | 2,000,000         |
| 9    | Yaputri Pte Ltd  | 1,678,135         |
| 10   | Mr Rolex Muliawan  | 1,115,000         |
| 11   | Mr Daniel Yeo Chin Tuan  | 893,438           |
| 12   | Taraville Pty Ltd  | 859,961           |
| 13   | Gioquest Limited   | 700,000           |
| 14   | Dr Kuek Bak Kim Leslie   | 500,000           |
| 15   | Mr Kwon Woo Baek   | 300,000           |
| 16   | Mr Jaimes William Arthur Leggett   | 109,829           |
| 17   | Mr Noel Raymond Henderson + Mrs Lyndsay Joan Henderson <Avington Super Fund A/C> | 100,109           |
| 18   | Boom Capital Pty Ltd   | 77,750            |
| 19   | Mrs Fiona Helen Torrington   | 77,202            |
| 20   | Mr Edmund Wee Hian Teck  | 71,519            |

## 5.7 R3D Directors' interests in R3D Shares and R3D Options

As at the date of this Bidder's Statement, the R3D Directors had the following Relevant Interests in R3D Shares and R3D Options:

| Director             | Number of R3D Shares | Number of R3D Options |
|----------------------|----------------------|-----------------------|
| Daniel Yeo Chin Tuan | 965,575              | Nil                   |
| Michael Thirnbeck    | Nil                  | Nil                   |
| Tiffany Tsao         | Nil                  | Nil                   |
| Muljadi Irawan       | Nil                  | Nil                   |

Assessment considered that Tartana Shares and Tartana Options may be held either directly or indirectly by a R3D Director.

## 6 PROFILE OF TARTANA

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### 6.1 Sources of information / disclaimer

The information regarding Tartana has been provided by Tartana or sourced from the Tartana website.

The information regarding Tartana in this document should not be regarded as comprehensive.

### 6.2 Background

Tartana Resources has several projects in the region with varying exploration maturities as outlined below:

- Tartana Copper and Zinc Project in north Queensland: Mining Leases ML 20489, ML 4819, ML 4820 and ML 5312 which includes the Tartana Copper Oxide Project, the Queen Grade Zinc Project and two copper sulphide projects which are the Deeper Copper Sulphide Project below the existing open pit as well as the nearby Valentino Copper-Gold-Silver-Cobalt Project. The Mining Leases contains heap leach pads and a solvent extraction-crystallisation plant which are being kept on care and maintenance and a partially rehabilitated open pit which yielded 1.2 million tonnes at 0.8% Cu oxide ore while deeper copper sulphide mineralisation has only been partially explored.
- The Bellevue and Dry River exploration projects (EPMs 27304 and 25970) which cover 25 km of the prospective Ok member stratigraphy containing at least 10 copper/gold prospects including the historic OK mines and nearby smelter site. The company has recently applied for excluded land within EPM 25970 including the Ok mine which has recorded small scale historical production of 80,000 tonnes at 9.2% Cu between 1901 to 1909.
- The Dimbulah Porphyry Copper project (EPM 27089) covers a copper-mineralised, multi-phase porphyry intrusive identified from historical drill intersections, mapping and geophysics.
- Mining Lease Applications ML 100271 and ML 100270 and EPM Application EPM 27735 covering the Mountain Maid and Cardross Projects copper/gold projects.

These projects have been the subject of several drilling programmes by previous explorers with the results supporting further exploration. The Mountain Maid prospect was discovered by Cyprus Amax in the 1990s with its discovery hole reporting 275 m at 0.3g/t Au including 60 m @ 0.7 g/t at the top of the hole (note: intersection may not meet JORC 2012 standards, ref: Wilkins 1996). Axiom Mining implemented drilling programs which culminated in the ASX announcement of a JORC 2004 Compliant Inferred Gold Resource to a depth of 200 m on the 10<sup>th</sup> December 2010. However, under the JORC 2012 Code our Independent Geologist, SRK believes that this resource is best presented as an Exploration Target. It has estimated an Exploration Target to a maximum depth of only 50 m and which ranges from 0.9 Mt grading 0.57 g/t Au for 17 koz to 6 Mt grading 0.31 g/t Au for 59 koz (see Appendix C). The Exploration Target is conceptual in nature due to a lack of recent exploration and not guaranteed to become a Mineral Resource. At Cardross, small scale historical production is recorded at 18,300 tonnes yielding 2,000 tonnes of Cu, 2,200 oz Au and 87,000 oz Ag from the Chieftan mine.

- An exclusivity/option agreement to purchase the Nightflower Silver Project (EPM application 27959). Axiom Mining reported to the ASX an initial JORC 2004 compliant Inferred Resource on the 26th September 2008 after a limited drilling programme testing one of the two geophysical anomalies. Under the JORC Code 2012 SRK has downgraded the Nightflower Mineral Resource Estimate to an Exploration Target of 0.21-0.59 Mt at a grade of 180–200 g/t Ag, 3.5-5% Pb, 1.7-2.2% Zn and 0.1-0.2% Cu, albeit with excellent exploration potential as reported below (see Appendix C). It also notes that the potential quantity and grade of the material in any Exploration Target is conceptual; there has been insufficient exploration to estimate a Mineral Resource according to the guidelines of the JORC Code and it is uncertain if further exploration will result in the estimation of a Mineral Resource.
- A sale and purchase agreement with Newcrest Mining Limited covering Newcrest's tenements north of Chillagoe and which form its 1250 km<sup>2</sup> Bulimba project.

In addition, Tasmanian Zinc Project has low grade furnace slag/matte stockpiles near Zeehan which contains an indicated resource of 469,00 tonnes at 13.3% Zn, 1.7% Pb and 53 g/t Ag. Tartana Resources has exported two 22,000 tonne trial shipments to South Korea and is currently preparing a third trial shipment. It has applied for permitting to export a further 335,000 tonnes.

### 6.3 Tartana's capital structure

As at 1 February 2021, Tartana had the following classes of securities and number of securities in those classes:

| Class of securities            | Number of securities in the class |
|--------------------------------|-----------------------------------|
| Ordinary shares                | 70,998,698                        |
| Options                        | 13,500,000                        |
| Convertible Notes <sup>1</sup> | 3,750,000                         |

<sup>1</sup> An interest-bearing redeemable convertible note issued by Tartana Resources redeemable for \$0.20 each or convertible each into a Tartana Share at AUD\$0.20 per Tartana Share on or before 18 June 2021 as per the Convertible Note Deed dated 18 December 2019.

At the date of this Bidder's Statement, R3D has a Relevant Interest in nil Tartana Shares and nil Tartana Options.

### 6.4 Market information about Tartana Shares

Tartana most recently issued 4,000,000 Tartana Shares at an issue price of 12.5 cents.

### 6.5 Source of financial information

The information in section 6.6 and 6.7 is only a summary of Tartana's historical financial information. Full details of Tartana's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Tartana's annual financial report for the year ended 30 June 2020, copies of which can be found on the Tartana website at [www.tartanaresources.com.au](http://www.tartanaresources.com.au).

## 6.6 Summary Tartana Consolidated Income Statement

| Statutory Historical                   |       |                  |                    |                  |
|--|-------|------------------|--------------------|------------------|
| \$                                     |       |                  |                    |                  |
| Year ended 30 June                     | Notes | FY2018           | FY2019             | FY2020           |
| Revenue                                | 1     | 43,922           | 37,410             | 33,782           |
| Purchase Price Allocation              | 2     | 2,530,075        | -                  | -                |
| Administration Costs                   |       | (118,668)        | (72,122)           | (25,402)         |
| Consulting Fees                        | 3     | (367,053)        | (602,794)          | (422,785)        |
| Corporate Costs                        | 4     | (307,345)        | (277,356)          | (182,508)        |
| Depreciation and amortisation expenses |       | (17,253)         | (103,659)          | (134,214)        |
| Exploration Expenses                   |       | (98,202)         | (117,843)          | (85,749)         |
| Registration Fees                      |       | (1,200)          | (17,384)           | -                |
| Rent                                   |       | (9,000)          | (13,833)           | -                |
| Other expenses                         |       | (128,932)        | (166,957)          | (161,522)        |
| Share based payment                    |       | (61,600)         | (24,885)           | -                |
| <b>Profit/(loss) before income tax</b> |       | <b>1,464,744</b> | <b>(1,359,423)</b> | <b>(978,398)</b> |
| Income tax benefit                     |       | -                | -                  | -                |
| <b>Profit/(loss) for the period</b>    |       | <b>1,464,744</b> | <b>(1,359,423)</b> | <b>(978,398)</b> |

## Notes:

- Revenue relates to:
  - Sales revenue of \$44k, \$18k and \$16k for FY2018, FY2019 and FY2020, respectively
  - Interest income of \$16k for FY2019 and FY2020; and
  - Other sundry income of \$4k and \$2k for FY2019 and FY2020, respectively.
- On 18 April 2018, Tartana Resources acquire the assets and liabilities of the Tartana Copper-Zinc Project. As a result of the acquisition, in accordance with AASB 3 – Business Combinations, Tartana Resources recorded a bargain purchase on acquisition of \$2,530,075.
- Consulting fees include the following:
  - Fees incurred of \$209,615, \$272,500 and \$249,980 for FY2018, FY2019 and FY2020, respectively, with Troppo Resources Pty Ltd under a services contract for the services of Dr Stephen Bartrop as Executive Chairman of Tartana;
  - Fees incurred of \$64,500, \$153,105 and \$102,785 for FY2018, FY2019 and FY2020, respectively, with Bruce Hills Pty Ltd under a services contract for the services of Bruce Hills as Executive Director of Tartana;
  - Fees incurred of \$41,659 and \$37,714 for FY2019 and FY2020, respectively with Corporate Elements Pty Ltd under a services contract for the services of Peter Rohner as Executive Director of Tartana;
  - Fees incurred of \$ 70,938, \$74,953 and \$28,548 for FY2018, FY2019 and FY2020, respectively, under a services contract with Oakhill Hamilton Pty Ltd until 30 April 2019 and then with Warinco Pty Ltd for the services of Robert Waring as Company Secretary and then Non Executive Director of Tartana;
  - Fees incurred of \$ 54,000 in FY2019 for the services of Craig Nettelbeck as executive duties services.

## 4. Corporate costs include:

- Costs related to the Prospectus issued in 24 June 2019 and withdrawn on 9 June 2020 of \$225,394, \$259,373 and \$53,613 in FY2018, FY2019 and FY2020, respectively.
- Fees incurred of \$80,629, \$8,729 and \$46,040 for FY2018, FY 2019, FY2020, respectively, for the provision of company secretarial and in house legal counsel services.

**6.7 Summary Tartana Consolidated Balance Sheet**

| \$                                   | Notes | Tartana Historical<br>Consolidated<br>Balance Sheet at<br>30 June 2020 |
|--------------------------------------|-------|--|
| <b>Current assets</b>                |       |  |
| Cash and cash equivalents            |       | 2,711  |
| Trade and other receivables          |       | 1,189  |
| Other current assets                 |       | 49,435   |
| Inventory                            |       | 176,000  |
| <b>Total current assets</b>          |       | <b>229,335</b>   |
| <b>Non-current assets</b>            |       |  |
| Intangible assets - Goodwill         | 1     | 1,984,619  |
| Plant and Equipment                  |       | 2,776,150  |
| Right-of-use asset                   |       | 95,328   |
| Exploration Expenditure              | 2     | 1,228,779  |
| Other                                |       | 586,400  |
| <b>Total non-current assets</b>      |       | <b>6,671,276</b>   |
| <b>Total assets</b>                  |       | <b>6,900,611</b>   |
| <b>Current liabilities</b>           |       |  |
| Trade and other payables             |       | (1,176,410)  |
| Other liabilities                    |       | (15,681)   |
| Borrowings                           | 3     | (281,644)  |
| Contract liability                   |       | -  |
| Lease liabilities                    |       | (55,288)   |
| Loan from Director                   |       | (178,762)  |
| <b>Total current liabilities</b>     |       | <b>(1,707,785)</b>   |
| <b>Non-current liabilities</b>       |       |  |
| Lease liabilities                    |       | (46,015)   |
| Borrowings                           | 3     | (500,000)  |
| <b>Total non-current liabilities</b> |       | <b>(546,015)</b>   |
| <b>Total liabilities</b>             |       | <b>(2,253,800)</b>   |
| <b>Net assets</b>                    |       | <b>4,646,811</b>   |
| <b>Equity</b>                        |       |  |
| Issued capital                       |       | 8,186,013  |
| Accumulated losses                   |       | (3,625,687)  |
| Reserve                              |       | 86,485   |
| <b>Total equity</b>                  |       | <b>4,646,811</b>   |

Notes:

1. Represents goodwill of \$1,984,619 recognised by Tartana Resources in accordance with AASB 3 – Business Combinations upon acquisition of Intec Zeehan Residues Pty Ltd on 29 January 2018.

2. Represents cumulative exploration and development expenditure capitalised by Tartana Resources. The recoverability of the exploration expenditure is dependant on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
3. On 18 December 2019 the Tartana Resources authorized the issue of up to a maximum of 7.5 million unsecured convertible notes of \$0.20 each (Convertible Notes) under a convertible note deed, dated 21 January 2020 to raise funding up to \$1,500,000. As at 30 June 2020, a total of \$750,000 notes had been issued. The convertible notes pay interest at 12% per annum (paid quarterly) and have an 18-month term from the date of the deed.

## 6.8 Tartana Board

### Information on directors & management

#### Directors

##### **Dr Stephen Bartrop** *Executive Chairman*

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

Steve's professional experience spans more than 30 years covering periods in both the mining industry and financial sector. With a geology background, Steve has worked in exploration, feasibility and evaluation studies and mining in a range of commodities and in different parts of the world. In the financial sector, Steve has been involved in research, corporate transactions and IPOs spanning a period of more than 20 years, including senior roles at JPMorgan, Bankers Trust and Macquarie Equities.

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

##### **Bruce Hills** *Executive Director and Joint Company Secretary*

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 The Risk Board and Stibium Australia. 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.

##### **Robert Waring** *Non-Executive Director*

Education: B Econ

Memberships: 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 is involved as Company Secretary of a number of public companies listed on the Australian Securities Exchange. Robert has specialist skills in the preparation of company prospectuses, due diligence work and financial assessment of projects and companies. He has a keen interest in the equity markets. Robert is a founding Executive Director of Oakhill Hamilton Pty Ltd.

#### Proposed Director

##### **Michael Thirnbeck** *Non-Executive Director*

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 University of Queensland.

Mr Thirnbeck is currently a director of R3D.

#### Key Management Personnel

##### **Mr Wayne (Tom) Saunders** *Technical Exploration Manager (to be appointed)*

Tom has 40 years' experience in the mining and exploration industries in Australia and Asia Pacific rising to Chief Geologist of a public company before becoming a consultant. He also spent 12 years in DNRME Mining Tenure Unit rising to Director.

Tom has a number of significant discoveries under his belt, as well as a reputation for progressing projects through from exploration to feasibility and then development and mining phases. Tom has put the discovery drill holes into multiple deposits in Queensland including the King Vol zinc deposit, Beaverbrook, Monte Video and the Tartana Heap Leach copper oxide.

Tom is a member of the AusIMM and is a Competent Person in terms of the JORC Code 2012 in relation to multiple commodities from Exploration Targets through to Measured Resources.

##### **Geoff Reed** *Consultant Resource Geologist*

Geoff's experience spans 20 years with a significant focus on GIS and 3D technical work within the Exploration and Mining Industries. Geoff has experience in underground and open cut metalliferous mining and various metalliferous exploration

and resource projects. Geoff has undertaken geological and resource management roles Cobar NSW, Mt Isa QLD, Broken Hill NSW, Townsville QLD, and Sydney.

#### 6.9 Tartana Directors' Interest in Tartana Shares and Tartana Options

As at the date of this Bidder's Statement, the Tartana Directors had the following Relevant Interests in Tartana Shares and Tartana Options:

| Director           | Tartana Shares |                   | Tartana Options |                  |
|--------------------|----------------|-------------------|-----------------|------------------|
|                    | Direct         | Indirect          | Direct          | Indirect         |
| Dr Stephen Bartrop | NIL            | 7,128,873         | NIL             | 5,000,000        |
| Mr Bruce Hills     | 2,532          | 2,726,497         | NIL             | 2,000,000        |
| Mr Robert Waring   | 10,000         | 1,961,000         | 500,000         | NIL              |
| <b>TOTAL</b>       | <b>12,535</b>  | <b>11,816,370</b> | <b>500,000</b>  | <b>7,000,000</b> |

Tartana Shares and Tartana Options may be held either directly or indirectly by a Tartana Director.

#### 6.10 Tartana Directors' interests in R3D Shares and R3D Options

As at the date of this Bidder's Statement, the Tartana Directors had the following Relevant Interests in R3D Shares and R3D Options:

| Director           | Number of R3D Shares | Number of R3D Options |
|--------------------|----------------------|-----------------------|
| Dr Stephen Bartrop | Nil                  | Nil                   |
| Mr Bruce Hills     | Nil                  | Nil                   |
| Mr Robert Waring   | Nil                  | Nil                   |

R3D Shares and R3D Options may be held either directly or indirectly by a Tartana Director.



## **7 R3D'S INTENTIONS IN RELATION TO TARTANA**

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### **7.1 Overview of intentions**

This section sets out the intentions of R3D on the basis of the facts and information concerning Tartana which are available to R3D at the time of preparation of this document and the existing circumstances affecting the business of Tartana so far as they are known to R3D, in relation to the following:

- (a) the continuation of, and major changes to, Tartana's business including any redeployment of the fixed assets
- (b) the future employment of present employees of Tartana
- (c) the compulsory acquisition of Tartana's Shares

All statements of intention in this section are statements of current intention only and may change as new information becomes available and/or circumstances change.

### **7.2 Background to intentions**

R3D will be relinquishing control to Tartana as a result of the RTO. R3D will be in no position to influence the operations of the Merged Group.

To the extent possible, it is R3D's current intention to maintain Tartana's tenements and work towards the development of its resources. These assets, if brought to development, may be valuable for R3D and the Merged Group.

### **7.3 Intentions following R3D acquiring a Relevant Interest in 90% or more of Tartana Shares**

If R3D acquires a Relevant Interest in 90% or more of the Tartana Shares, it has the following intentions:

#### **(a) Corporate Matters**

If it is entitled to do so under the Corporations Act, R3D will seek to proceed with the compulsory acquisition of the outstanding Tartana Shares in accordance with the provisions of the Corporations Act.

#### **(b) Operations, developments and exploration**

- i) not to make any major changes to Tartana's business or redeploy any of its fixed assets;
- ii) to continue to operate and manage Tartana's business together with the business of R3D;
- iii) reduce or eliminate costs arising from the maintenance of separate share registry, secretarial, head office and administration functions and costs associated with the listing of Tartana; and
- iv) following completion of the Tartana Resources acquisition the Directors will review the Company's existing business operations and assess whether this investment should be retained or sold.
- v) review the Company's existing business operations and assess whether this investment should be retained or sold.

#### **(c) Tartana management**

At the date of this Bidder's Statement there are only one personnel employed by Tartana. The person will continue to be engaged by Tartana with no change to their entitlements. No loss of knowledge is anticipated.

## **8 PROFILE OF THE MERGED GROUP**

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### **8.1 Overview of the Merged Group**

The Merged Group will provide shareholders with a diversified exploration company with potential for significant growth resulting in economic benefits which may not be available to either R3D or Tartana individually other through the RTO.

### **8.2 Pro forma historical information for the Merged Group**

This section 8 contains pro forma financial information for the Merged Group, reflecting the aggregated businesses of R3D and Tartana. The pro forma financial information is presented in this section 8 to provide Tartana Shareholders with an indication of the profile of the Merged Group as at the date of the latest disclosed reviewed financial accounts for both R3D and Tartana, being 30 June 2020.

The information in this section 8 is presented on a pro forma basis only. As a result, it is likely that this information will differ from the actual financial information for the Merged Group. The pro forma historical balance sheet of the Merged Group as at 30 June 2020 and the pro forma adjustments are disclosed in this section 8.

### **8.3 Basis of preparation of the Merged Group pro forma financial information**

The Merged Group pro forma financial information has been prepared on the basis that R3D acquires Tartana and accordingly:

- (a) the accounting policies of the Merged Group used to prepare the Merged Group pro forma financial information are based on AASB standards; and
- (b) the Merged Group pro forma financial information has been presented based on the reviewed historical financial statements of R3D and Tartana as at 30 June 2020; and
- (c) the Merged Group pro forma financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual financial report in accordance with the Corporations Act. In particular it does not include notes to and forming part of the financial statements of R3D or Tartana.

No adjustments have been made in the Merged Group pro forma financial information for any expected synergies, integration costs, changes in interest income or expense or other costs that may impact the consolidated income statement following the acquisition by R3D of all Tartana Shares. No adjustments have been made in the Merged Group pro forma financial information for any one-off or non-recurring costs or discontinued operations.

### **8.4 Pro forma unaudited consolidated balance sheet as at Completion on R3D acquiring all Tartana shares**

The Merged Group's pro forma balance sheet is compiled from the aggregation of the:

- (a) R3D historical consolidated balance sheet as at 30 June 2020, a summary of which is set out in section 4.3 of this Bidder's Statement;
- (b) Tartana historical consolidated balance sheet as at 30 June 2020, a summary of which is set out in section 6.7 of this Bidder's Statement;
- (c) pro forma adjustments to reflect the acquisition of Tartana by R3D as if R3D acquired all Tartana Shares on 30 June 2020 and other pro forma adjustments for material transactions post 30 June 2020 as if they had occurred on 30 June 2020.

Set out the below is the Merged Group's pro forma historical balance sheet as at 30 June 2020 on the basis that R3D acquires all Tartana Shares:

## 8.5 Pro-Forma Balance Sheet of the Merged Group based on R3D acquiring all Tartana shares

| \$                                   | R3D Historical Consolidated Balance Sheet at 30 June 2020 | Tartana Historical Consolidated Balance Sheet at 30 June 2020 | Reverse acquisition accounting adjustments <sup>1</sup> | Other Pro Forma Adjustments <sup>2</sup> | Impact of the Capital Raise <sup>3</sup> | Pro Forma Historical Consolidated Balance Sheet at 30 June 2020 |
|--------------------------------------|---|---|---|--|--|---|
| <b>Current assets</b>                |   |   |   |  |  |   |
| Cash and cash equivalents            | 131,825   | 2,711   | -   | 1,325,228                                | 3,725,000                                | 5,184,764   |
| Trade and other receivables          | 71,622  | 1,189   | -   | -  | -  | 72,811  |
| Other current assets                 | -   | 49,435  | -   | -  | -  | 49,435  |
| Inventory                            | -   | 176,000   | -   | -  | -  | 176,000   |
| <b>Total current assets</b>          | <b>203,447</b>  | <b>229,335</b>  | <b>-</b>  | <b>1,325,228</b>                         | <b>3,725,000</b>                         | <b>5,483,010</b>  |
| <b>Non-current assets</b>            |   |   |   |  |  |   |
| Intangible assets - Goodwill         | -   | 1,984,619   | 2,364,777   | -  | -  | 4,349,396   |
| Plant and Equipment                  | 3,285   | 2,776,150   | -   | -  | -  | 2,779,435   |
| Right-of-use asset                   | 114,418   | 95,328  | -   | -  | -  | 209,746   |
| Exploration Expenditure              | -   | 1,228,779   | -   | 500,000                                  | -  | 1,728,779   |
| Investments                          | 7,370   | -   | -   | -  | -  | 7,370   |
| Other                                | 19,708  | 586,400   | -   | -  | -  | 606,108   |
| <b>Total non-current assets</b>      | <b>144,781</b>  | <b>6,671,276</b>  | <b>2,364,777</b>  | <b>500,000</b>                           | <b>-</b>                                 | <b>9,680,834</b>  |
| <b>Total assets</b>                  | <b>348,228</b>  | <b>6,900,611</b>  | <b>2,364,777</b>  | <b>1,825,228</b>                         | <b>3,725,000</b>                         | <b>15,163,844</b>   |
| <b>Current liabilities</b>           |   |   |   |  |  |   |
| Trade and other payables             | (192,804)   | (1,176,410)   | -   | -  | -  | (1,369,214)   |
| Other liabilities                    | -   | (15,681)  | -   | -  | -  | (15,681)  |
| Borrowings                           | (8,208)   | (281,644)   | -   | (250,000)                                | -  | (539,852)   |
| Contract liability                   | (39,177)  | -   | -   | -  | -  | (39,177)  |
| Lease liabilities                    | (80,420)  | (55,288)  | -   | -  | -  | (135,708)   |
| Loan from Director                   | -   | (178,762)   | -   | -  | -  | (178,762)   |
| <b>Total current liabilities</b>     | <b>(320,609)</b>  | <b>(1,707,785)</b>  | <b>-</b>  | <b>(250,000)</b>                         | <b>-</b>                                 | <b>(2,278,394)</b>  |
| <b>Non-current liabilities</b>       |   |   |   |  |  |   |
| Lease liabilities                    | (35,043)  | (46,015)  | -   | -  | -  | (81,058)  |
| Borrowings                           | -   | (500,000)   | -   | -  | -  | (500,000)   |
| <b>Total non-current liabilities</b> | <b>(35,043)</b>   | <b>(546,015)</b>  | <b>-</b>  | <b>-</b>                                 | <b>-</b>                                 | <b>(581,058)</b>  |
| <b>Total liabilities</b>             | <b>(355,652)</b>  | <b>(2,253,800)</b>  | <b>-</b>  | <b>(250,000)</b>                         | <b>-</b>                                 | <b>(2,859,452)</b>  |
| <b>Net assets</b>                    | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,364,777</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>12,304,392</b>   |
| <b>Equity</b>                        |   |   |   |  |  |   |
| Issued capital                       | 62,062,337  | 8,186,013   | (59,704,984)  | 1,575,228                                | 4,479,000                                | 16,597,594  |
| Accumulated losses                   | (62,069,461)  | (3,625,687)   | 62,069,461  | -  | (878,000)                                | (4,503,687)   |
| Reserve                              | (300)   | 86,485  | 300   | -  | 124,000                                  | 210,485   |
| <b>Total equity</b>                  | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,364,777</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>12,304,392</b>   |

The pro-forma balance sheet shows adjustments based on the following transactions as if they occurred on 30 June 2020.

Notes:

1. The proposed acquisition by R3D (the legal parent) of Tartana (the legal subsidiary) is deemed to be a reverse asset acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Tartana have effectively acquired R3D. As a result of the reverse acquisition,

Tartana is considered to be the accounting acquirer and R3D is considered to be the accounting acquiree. Therefore, this Financial Information has been prepared as a continuation of the financial statements of Tartana.

2. Represents the following material transactions undertaken by Tartana Resources and R3D Resources subsequent to 30 June 2020:

Tartana Resources

On 30 July 2020, Tartana Resources undertook a Private Placement of 2 million ordinary shares, raising \$250,000.

On 31 July 2020, Tartana Resources issued 4 million ordinary shares as consideration of all the issued capital of Mother Lode Pty Ltd to acquire two resource projects, the Bellevue Copper-Gold Project and the Dimbulah Copper Porphyry Project.

On 7 December 2020, Tartana Resources finalised a provide placement raising \$825,228 through the issue of 6,601,827 ordinary shares.

R3D Resources

The Company as borrower has entered into a loan agreement with Yaputri Pte Ltd (**Yaputri**) as the lender which has subsequently been amended. The loan is for \$A250,000 and is unsecured. The loan will be advanced in one instalment with any further funds provided at the discretion of Yapitri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% pa. The loan together with interest therein is required to be paid on the earlier of 25 months from the date of reinstatement of securities of the Company to the Official List of the ASX; the issue of Convertible Notes by the Company in substitution of the loan agreement on terms agreed by the parties; or receipt by the Company of funds in the amount of not less than A\$1,000,000 raised through the issue of FPO Shares occurring following reinstatement of the Company's securities to the Official List of the ASX.

3. Represents:

- Proposed capital raising of \$4,250,000;
- estimated cash settled capital raising and recompliance costs of \$525,000; and
- equity settled transaction costs of \$720,000 settled through the issue of R3D Resources shares and options.

### 8.6 Pro forma adjustments

The following pro forma adjustments (listed as notes in the reviewed pro forma historical balance sheet in section 8.4 above) have been made in the compilation of Merged Group pro forma financial information on the assumed acquisition of all Tartana Shares by R3D:

- The proposed acquisition by R3D (the legal parent) of Tartana (the legal subsidiary), which is deemed to be a reverse asset acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Tartana have effectively acquired R3D.
- material transactions undertaken by Tartana Resources and R3D Resources subsequent to 30 June 2020 as set out below:

Tartana Resources

On 30 July 2020, Tartana Resources undertook a Private Placement of 2 million ordinary shares, raising \$250,000.

On 31 July 2020, Tartana Resources issued 4 million ordinary shares as consideration of all the issued capital of Mother Lode Pty Ltd to acquire two resource projects, the Bellevue Copper-Gold Project and the Dimbulah Copper Porphyry Project.

On 7 December 2020, Tartana Resources finalised a provide placement raising \$825,228 through the issue of 6,601,827 ordinary shares.

R3D Resources

The Company as borrower has entered into a loan agreement with Yaputri Pte Ltd (**Yaputri**) as the lender which has subsequently been amended. The loan is for \$A250,000 and is unsecured. The loan will be advanced in one instalment with any further funds provided at the discretion of Yapitri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% pa. The loan together with interest therein is required to be paid on the earlier of 25 months from the date of reinstatement of securities of the Company to the Official List of the ASX; the issue of Convertible Notes by

the Company in substitution of the loan agreement on terms agreed by the parties; or receipt by the Company of funds in the amount of not less than A\$1,000,000 raised through the issue of FPO Shares occurring following reinstatement of the Company's securities to the Official List of the ASX.

- The Proposed capital raising of \$4,250,000 less estimated cash settled capital raising and recompliance costs of \$525,000 together with equity settled transaction costs of \$720,000 settled through the issue of R3D Resources shares and options.

**8.7 Pro forma unaudited consolidated balance sheet as at 30 June 2020 based on R3D acquiring 90% of Tartana shares**

The Merged Group's pro forma balance sheet is compiled from the aggregation of the:

- (a) R3D historical consolidated balance sheet as at 30 June 2020, a summary of which is set out in section 4.3 of this Bidder's Statement;
  - i) Tartana historical consolidated balance sheet as at 30 June 2020, a summary of which is set out in section 6.7 of this Bidder's Statement;
  - ii) pro forma adjustments to reflect the acquisition of Tartana by R3D as if R3D acquired 100% Tartana Shares on 30 June 2020.

Set out the below is the Merged Group's pro forma historical balance sheet as at 30 June 2020 on the basis that R3D acquires 100% of the Tartana Shares:

## 8.8 Pro-Forma Balance Sheet of the Merged Group based on R3D acquiring 90% of Tartana shares

| \$                                   | R3D Historical Consolidated Balance Sheet at 30 June 2020 | Tartana Historical Consolidated Balance Sheet at 30 June 2020 | Reverse acquisition accounting adjustments <sup>1</sup> | Other Pro Forma Adjustments <sup>2</sup> | Impact of the Capital Raise <sup>3</sup> | Pro Forma Historical Consolidated Balance Sheet at 30 June 2020 |
|--------------------------------------|---|---|---|--|--|---|
| <b>Current assets</b>                |   |   |   |  |  |   |
| Cash and cash equivalents            | 131,825   | 2,711   | -   | 1,325,228                                | 3,725,000                                | 5,184,764   |
| Trade and other receivables          | 71,622  | 1,189   | -   | -  | -  | 72,811  |
| Other current assets                 | -   | 49,435  | -   | -  | -  | 49,435  |
| Inventory                            | -   | 176,000   | -   | -  | -  | 176,000   |
| <b>Total current assets</b>          | <b>203,447</b>  | <b>229,335</b>  | <b>-</b>  | <b>1,325,228</b>                         | <b>3,725,000</b>                         | <b>5,483,010</b>  |
| <b>Non-current assets</b>            |   |   |   |  |  |   |
| Intangible assets - Goodwill         | -   | 1,984,619   | 2,004,501   | -  | -  | 3,989,120   |
| Plant and Equipment                  | 3,285   | 2,776,150   | -   | -  | -  | 2,779,435   |
| Right-of-use asset                   | 114,418   | 95,328  | -   | -  | -  | 209,746   |
| Exploration Expenditure              | -   | 1,228,779   | -   | 500,000                                  | -  | 1,728,779   |
| Investments                          | 7,370   | -   | -   | -  | -  | 7,370   |
| Other                                | 19,708  | 586,400   | -   | -  | -  | 606,108   |
| <b>Total non-current assets</b>      | <b>144,781</b>  | <b>6,671,276</b>  | <b>2,004,501</b>  | <b>500,000</b>                           | <b>-</b>                                 | <b>9,320,558</b>  |
| <b>Total assets</b>                  | <b>348,228</b>  | <b>6,900,611</b>  | <b>2,004,501</b>  | <b>1,825,228</b>                         | <b>3,725,000</b>                         | <b>14,803,568</b>   |
| <b>Current liabilities</b>           |   |   |   |  |  |   |
| Trade and other payables             | (192,804)   | (1,176,410)   | -   | -  | -  | (1,369,214)   |
| Other liabilities                    | -   | (15,681)  | -   | -  | -  | (15,681)  |
| Borrowings                           | (8,208)   | (281,644)   | -   | (250,000)                                | -  | (539,852)   |
| Contract liability                   | (39,177)  | -   | -   | -  | -  | (39,177)  |
| Lease liabilities                    | (80,420)  | (55,288)  | -   | -  | -  | (135,708)   |
| Loan from Director                   | -   | (178,762)   | -   | -  | -  | (178,762)   |
| <b>Total current liabilities</b>     | <b>(320,609)</b>  | <b>(1,707,785)</b>  | <b>-</b>  | <b>(250,000)</b>                         | <b>-</b>                                 | <b>(2,278,394)</b>  |
| <b>Non-current liabilities</b>       |   |   |   |  |  |   |
| Lease liabilities                    | (35,043)  | (46,015)  | -   | -  | -  | (81,058)  |
| Borrowings                           | -   | (500,000)   | -   | -  | -  | (500,000)   |
| <b>Total non-current liabilities</b> | <b>(35,043)</b>   | <b>(546,015)</b>  | <b>-</b>  | <b>-</b>                                 | <b>-</b>                                 | <b>(581,058)</b>  |
| <b>Total liabilities</b>             | <b>(355,652)</b>  | <b>(2,253,800)</b>  | <b>-</b>  | <b>-</b>                                 | <b>-</b>                                 | <b>(2,859,452)</b>  |
| <b>Net assets</b>                    | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,004,501</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>11,944,116</b>   |
| <b>Equity</b>                        |   |   |   |  |  |   |
| Issued capital                       | 62,062,337  | 8,186,013   | (59,443,056)  | 1,575,228                                | 4,479,000                                | 16,859,522  |
| Accumulated losses                   | (62,069,461)  | (3,625,687)   | 62,069,461  | -  | (878,000)                                | (4,503,687)   |
| Reserve                              | (300)   | 86,485  | 300   | -  | 124,000                                  | 210,485   |
| <b>Non-controlling interests</b>     | <b>-</b>  | <b>-</b>  | <b>(622,204)</b>  | <b>-</b>                                 | <b>-</b>                                 | <b>(622,204)</b>  |
| <b>Total equity</b>                  | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,004,501</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>11,944,116</b>   |

The pro-forma balance sheet shows adjustments based on the following transactions as if they occurred on 30 June 2020.

Notes:

1. The proposed acquisition by R3D (the legal parent) of Tartana (the legal subsidiary) is deemed to be a reverse asset acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Tartana have effectively acquired R3D. As a result of the reverse acquisition, Tartana is considered to be the accounting acquirer and R3D is considered to be the accounting acquiree. Therefore, this Financial Information has been prepared as a continuation of the financial statements of Tartana.
2. Represents the following material transactions undertaken by Tartana Resources and R3D Resources subsequent to 30 June 2020:

Tartana Resources

On 30 July 2020, Tartana Resources undertook a Private Placement of 2 million ordinary shares, raising \$250,000.

On 31 July 2020, Tartana Resources issued 4 million ordinary shares as consideration of all the issued capital of Mother Lode Pty Ltd to acquire two resource projects, the Bellevue Copper-Gold Project and the Dimbulah Copper Porphyry Project.

On 7 December 2020, Tartana Resources finalised a private placement raising \$825,228 through the issue of 6,601,827 ordinary shares.

R3D Resources

The Company as borrower has entered into a loan agreement with Yaputri Pte Ltd (**Yaputri**) as the lender which has subsequently been amended. The loan is for \$A250,000 and is unsecured. The loan will be advanced in one instalment with any further funds provided at the discretion of Yaputri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% pa. The loan together with interest therein is required to be paid on the earlier of 25 months from the date of reinstatement of securities of the Company to the Official List of the ASX; the issue of Convertible Notes by the Company in substitution of the loan agreement on terms agreed by the parties; or receipt by the Company of funds in the amount of not less than A\$1,000,000 raised through the issue of FPO Shares occurring following reinstatement of the Company's securities to the Official List of the ASX.

3. Represents:
  - Proposed capital raising of \$4,250,000;
  - cash settled capital raising and recompliance costs of \$525,000; and
  - equity settled transaction costs of \$720,000 settled through the issue of R3D Resources shares and options.

## 8.9 Pro forma adjustments

The following pro forma adjustments (listed as notes in the reviewed pro forma historical balance sheet in section 8.7 above) have been made in the compilation of Merged Group pro forma financial information on the assumed acquisition of 90% of Tartana Shares by R3D:

- The proposed acquisition by R3D (the legal parent) of 90% of the issued share capital of Tartana (the legal subsidiary), which is deemed to be a reverse asset acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Tartana have effectively acquired R3D.
- material transactions undertaken by Tartana Resources and R3D Resources subsequent to 30 June 2020 as set out below:

Tartana Resources

On 30 July 2020, Tartana Resources undertook a Private Placement of 2 million ordinary shares, raising \$250,000.

On 31 July 2020, Tartana Resources issued 4 million ordinary shares as consideration of all the issued capital of Mother Lode Pty Ltd to acquire two resource projects, the Bellevue Copper-Gold Project and the Dimbulah Copper Porphyry Project.

On 7 December 2020, Tartana Resources finalised a provide placement raising \$825,228 through the issue of 6,601,827 ordinary shares.

#### R3D Resources

The Company as borrower has entered into a loan agreement with Yaputri Pte Ltd (**Yaputri**) as the lender which has subsequently been amended. The loan is for \$A250,000 and is unsecured. The loan will be advanced in one instalment with any further funds provided at the discretion of Yaputri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% pa. The loan together with interest therein is required to be paid on the earlier of 25 months from the date of reinstatement of securities of the Company to the Official List of the ASX; the issue of Convertible Notes by the Company in substitution of the loan agreement on terms agreed by the parties; or receipt by the Company of funds in the amount of not less than A\$1,000,000 raised through the issue of FPO Shares occurring following reinstatement of the Company's securities to the Official List of the ASX.

- The Proposed capital raising of \$4,250,000 less estimated cash settled capital raising and recompliance costs of \$525,000 together with equity settled transaction costs of \$720,000 settled through the issue of R3D Resources shares and options.

#### Material items post 31 January 2021

There have been no material events since 31 January 2021 that should be considered in addition to the pro forma Merged Group's balance sheet (and which is not taken account of in the pro forma Merged Group's balance sheet).

#### 8.10 Outlook for the Merged Group

If R3D acquires all Tartana Shares then R3D will remain the entity listed on the ASX and will be the ultimate holding company for all companies within the new Merged Group. The acquisition by R3D of all Tartana Shares will result in a Merged Group with a diversified portfolio of mineral tenements.

This Bidder's Statement does not include forecasts or projections for production or earnings in relation to R3D or the Merged Group. R3D believes that the inclusion of such forecasts would be unduly speculative and potentially misleading to Tartana Shareholders, particularly in the current uncertain economic environment and due to the effect that minerals and energy prices may have on future production and earnings performance.

#### 8.11 Merged Group top 20 shareholders

This table has been prepared on the assumptions that R3D completes the R3D Share Consolidation, acquires all Tartana Shares, none of the Tartana Options are exercised before the close of the Offers and that all Tartana Options are cancelled at Completion. It does not include the issue of any R3D Shares pursuant to the Public Offer or the issue of R3D Shares to advisors.

| Rank | Holder Name  | No. of R3D Shares |
|------|--|-------------------|
| 1    | Scidev Ltd   | 13,589,935        |
| 2    | Mr Stephen Bruce Bartrop & Ms Kerryn Wendy Chisholm<br><Fund on the Beach S/F A/C> | 9,612,826         |
| 3    | Mr Duncan John Hardie  | 3,200,000         |
| 4    | Pathold No 107 P/L <The Emd Group Super Fund>                                      | 3,000,000         |
| 5    | Mr Peter Rohner  | 3,000,000         |
| 6    | Bruce Hills Pty Ltd <Bruce Hills Super Fund A/C>                                   | 2,777,726         |
| 7    | BRMP Pty Limited   | 2,500,000         |
| 8    | Mr Craig Gregory Nettelbeck  | 2,500,000         |
| 9    | Paul Broad   | 2,054,149         |
| 10   | Mr Edgar Bartrop   | 2,050,000         |
| 11   | Hardie Holdings Pty Limited  | 2,000,000         |
| 12   | Petra Pacific Pte Ltd  | 1,977,542         |
| 13   | Indonoble Resources Pte Ltd  | 1,954,486         |
| 14   | Bruce Hills Pty Ltd <Hills Calugay Family A/C>                                     | 1,948,771         |
| 15   | Troppo Resources Pty Ltd   | 1,886,456         |



## 8 – PROFILE OF THE MERGED GROUP Cont.

|    |   |           |
|----|---|-----------|
| 16 | Warinco Services Pty Limited                                | 1,716,000 |
| 17 | Mandel Pty Ltd <Mandel Super Fund A/C>                      | 1,500,000 |
| 18 | Mr Peter Rohner & Ms Fiona Jane Murdoch <Melueca A/C>       | 1,459,140 |
| 19 | Guilford Enterprises Limited                                | 1,360,939 |
| 20 | Corstorphine Services Pty Ltd <Corstorphine Super Fund A/C> | 1,301,479 |

### 8.12 Pro forma capital structure

A pro forma capital structure of R3D upon completion of the Offers is set out below. This capital structure has been prepared on the basis that R3D acquires all Tartana Shares. It assumes none of the R3D Options or Tartana Options are exercised before the close of the Offer and that all Tartana Options are cancelled.

|   |             |
|---|-------------|
| Total Number of R3D Shares (post merger)  | 107,035,463 |
| Total number of R3D Options (post merger) | 33,949,739  |

### 8.13 Dividends

It is anticipated that there will be no dividends declared for the year ended 30 June 2021.

If any of R3D's projects generate surplus profits, R3D Directors will consider paying some surplus funds as dividends to R3D Shareholders.

## 9 INVESTMENT RISKS

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### 9.1 Introduction

An overview of the key risks that may have a material adverse impact upon the implementation of the Offers, the future performance of the Merged Group and the value of R3D Shares are described in this Bidder's Statement and include those risks set out in this section 9. The risks identified in this section 9 are not exhaustive. R3D gives no assurances or guarantees of future performance or profitability, or payment of dividends by, the Merged Group.

Additionally, R3D gives no assurances or guarantees that the risks set out in this document will not change. There may be other material risks which are not disclosed in this document because they were not known by R3D or were not considered to be material at the date of this Bidder's Statement. Many of the risks below arising from R3D's Offers is also inherent within each of Tartana and R3D as separate entities.

The value of the Offers to Tartana Shareholders will depend upon the future performance of the Merged Group and the value of R3D Shares. As a result, Tartana Shareholders should carefully consider both the risks affecting the Offers and those risks affecting the future performance of the Merged Group and the value of the R3D Shares.

Tartana Shareholders should be aware that an investment in the Merged Group has risks which are associated with investing in listed securities. Any future dividends, the value of the Merged Group's assets and the market value or price of the R3D Shares quoted on ASX may be influenced by these and other risk factors.

Many of these factors are common to those affecting the current performance of R3D and Tartana. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Merged Group are outside the control of R3D, Tartana and the Merged Group.

This section 9 does not take into account the investment objectives, financial circumstances or particular needs of individual Tartana Shareholders. It is important that Tartana Shareholders carefully read this Bidder's Statement in its entirety (particularly the risks set out in this section 9), consider their personal circumstances (including financial and taxation issues) and seek independent professional advice before deciding whether to accept the Offers.

#### Re-Quotation of Shares on ASX

The acquisition of Tartana Resources constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares would not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

### 9.2 Risks Specific to the Company

#### (a) Exploration and Development

A significant risk for the Company is that the proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high-risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Bidder's Statement, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially viable. Only a small percentage of individual exploration projects result in the discovery of viable economic resources and there are still substantial development and operational risks to overcome before a commercial mine can be established.

While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

The future viability and profitability of the Company, as an exploration and mining company, will be dependent on a number of factors including, but not limited to, the following:

- i) risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, achieving predicted grades in exploration and mining, commissioning and operating plant and equipment, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management

- ii) volatility in commodity prices and exchange rates and, in particular, the price of copper, zinc and gold
- iii) risks associated with negative exploration results, including relinquishment (in whole or in part) of tenements, even though a viable mineral deposit may be present, but undiscovered
- iv) risks associated with obtaining grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term
- v) risks arising because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company
- vi) risks that exploration and mining may be adversely affected or hampered by industrial disputes
- vii) environmental management issues with which the Company may be required to comply from time to time and which may be adversely impacted by events including flooding, bushfire, etc.
- viii) the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities
- ix) poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues
- x) unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine infrastructure resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep
- xi) risks associated with the cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital; Tartana is operating as an explorer and as such is reliant on capital; from time to time further capital may need to be raised and at such time market conditions may be adverse
- xii) risks associated with potential claims resulting from the age of tenements, historical ownership of tenements and historical environmental liabilities
- xiii) risks associated with the calculation of royalties and other rights attached to tenements
- xiv) while the Company has had informal discussions with the owners of beneficiation plants in the region in Queensland to ascertain the existence and capacity of facilities, and opportunities for synergy, such as toll-treating or joint-ventures, the Company has not entered into any arrangements to access these facilities. Investors are cautioned that there is no certainty that a commercial arrangement with such facilities will eventuate
- xv) risks associated with the financial failure or default by a participant in any joint ventures or other contractual relationships to which the Company may become a party or external claims to the Company's mining leases and exploration tenements

**(b) Dilution for current shareholders**

At Completion, the number of Shares in the Company will increase from 11,786,765 to 107,164,907. On this basis, existing Shareholders will be significantly diluted (as compared to their current shareholdings and the number of Shares on issue as at the date of this Bidder's Statement).

**(c) Ongoing shareholder dilution**

In the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

**(d) Development and Acquisition Opportunities**

The success of the Company partially depends upon the Company's ability to identify, secure and develop a portfolio of high-quality projects and strategic industry partnerships. The Company will actively pursue and assess other new business opportunities which may take the form of direct project acquisitions, joint ventures,

farm-ins, acquisition of tenements/permits and/or direct equity participation or acquisition of a company or group of companies.

There is a risk that the Company will be unable to secure such opportunities on appropriate terms, thereby potentially limiting the growth of the Company.

The acquisition of projects (whether completed or not) may require the payment of monies (notably as a deposit and/or exclusivity) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If the Company acquires only a limited number of projects, poor performance by one or a few of these could significantly affect the performance of the Company and thereby significantly impact the returns to investors. The integration of new projects by the Company may also be more difficult, and involve greater costs, than anticipated.

(e) **Future Capital Requirements**

Exploration and development costs will reduce the cash reserves of the Company. The Company has limited operating revenue and is unlikely to generate any additional operating revenue unless and until the projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business development activities, exploration program and other objectives in the short term as stated in this Bidder's Statement.

In order to successfully develop the projects and for production to commence the Company may be dependent on the need to secure further financing in the future, in addition to the amounts raised pursuant to the Public Offer (especially if only the Minimum Subscription is met) if the estimates in the budget prove to be insufficient or unforeseen circumstances arise. The Company may then be seeking development capital through equity, debt or joint venture financing. Any additional equity financing may be dilutive to the Shares, may be undertaken at lower prices than the then-market price (or Public Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may also involve restrictions on financing and operating activities.

Though the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope for its activities, and this could have a material adverse effect on the company's activities including resulting in the Tenements being subject to forfeiture and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and/or securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(f) **Valuation of Tenements**

No valuation has been completed of the projects or the Shares of the Company. The Company makes no representation in this Bidder's Statement as to the value of its projects. It is recommended that intending investors and their advisors make their own assessment as to the value of the projects.

(g) **Liquidity Risk**

Subject to the Company being readmitted to the Official List, certain Shares on issue prior to the Public Offer are likely to be classified as restricted securities. To the extent that the Shares are classified as restricted securities, the liquidity of the market for Shares may be adversely affected.

(h) **Dependence on Key Personnel**

The Company's success depends to a significant extent upon key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of certain personnel could have an adverse effect upon the Company and its activities.

(i) **Other Risks Specific to the Company**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- i) geological conditions
- ii) alterations to programmes and budgets
- iii) unanticipated operational and technical difficulties encountered in geophysical survey, drilling and production activities
- iv) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and force majeure
- v) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations
- vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment
- vii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programmes pursuant to access agreements entered into with native title claimants)
- viii) influence of community consultation on the grant or renewal of a mining licence
- ix) un-insured losses and liabilities.
- x) General Risks Associated with Mining Projects

(j) **Title Risk**

Tartana Resources, or its wholly owned subsidiaries, are the registered legal owners of the Tenements at the date of this Bidder's Statement.

Interests in all tenements in Australia are governed by the respective State and Territory legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

(k) **Tenements**

The renewal of tenements upon expiry of their current term and the granting of applications for exploration licences, exploration permits, or mining leases is subject to Ministerial approval. Non-approval or a delay in the approval process could have a negative impact on exploration or mining conducted by the Company as well as the Share price of the Company.

(l) **Operating Risk**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

### 9.3 Payment Obligations

Pursuant to the licences comprising the Company's projects, the Company will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations

are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects.

(a) **Native Title and Land Access**

Tartana Resources' activities in Australia are subject to the Native Title Act and associated legislation relating to native title, which are discussed in the Solicitor's Review of Tenements in section 6. Uncertainty associated with native title issues may impact on the Company's future plans.

(b) **Aboriginal Sites of Significance**

Commonwealth and State legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the Tenements. It is therefore possible that one or more sites of significance will exist in an area which the Company considers to be prospective. Tartana Resources' policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

(c) **Environmental Risks**

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

(d) **Litigation Risk**

While the Company is not currently engaged in any litigation, it remains exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven may adversely impact on the Company's operations, financial performance and financial position.

(e) **Safety Risks**

Safety is a fundamental risk for any exploration and development company in regard to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company. Tartana Resources has taken an appropriate level of insurance to mitigate this risk.

#### 9.4 Other General Risks

(a) **COVID-19 pandemic and other public health risks**

The ongoing COVID-19 pandemic and any other possible future outbreaks of viruses may have a significant adverse effect on the Company. The spread of such diseases amongst the Company's employees, contractors, suppliers and logistic networks, as well as any quarantine and isolation requirements, may reduce the company's ability to operate and have detrimental financial implications.

More broadly the Company may be affected by the macroeconomic effects and ensuing financial volatility resulting from the pandemic and any other possible outbreaks. While the final effects of the COVID-19 pandemic or other possible disease outbreaks are difficult to assess, it is possible that it will have a substantial negative effect on the economies where the Company operates in and could have an adverse effect on the Company's financial position.

(b) **Currently No Market**

There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market will develop or continue after Completion.

The price at which the Company's Shares trade on the ASX after listing may be higher or lower than the Public Offer price and could be subject to fluctuation in response to operating performance and results, as well as external factors over which the Directors and the Company have no control.

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase.

There is no guarantee that there will be an ongoing liquid market for the Company's securities. If the Company's shares become illiquid there is a risk that Shareholders will be unable to realise their investment in the Company.

(c) **Share Market Conditions**

There are risks associated with any investment in a company listed on the ASX. Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- i) general economic outlook
- ii) movements in, or outlook on, interest rates and inflation rates
- iii) currency fluctuations
- iv) volatility in commodity prices
- v) changes in investor sentiment towards particular market sectors
- vi) the demand for, and supply of, capital

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may rise or fall. Many factors will affect the price of the Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally.

(d) **General Economic Factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and Share price can be affected by these factors which are beyond the control of the Company and its Directors.

(e) **Commodity Prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest. Specifically, changes in the price of copper zinc and gold may have an effect on the Company.

(f) **Government Policy and Legal Risk**

Changes in government, monetary policies, taxation and other laws can have a significant influence on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine. In particular government policies and regulations vary in different States and with different governing parties in relation to exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse effect on the Company.

(g) **Taxation**

The purchase and the sale of the Shares will have tax consequences, which will differ depending on the individual financial status of each investor. All potential investors are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally. To the maximum extent permitted by law the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of applying for R3D Shares or R3D Options under the Offers.

(h) **Insurance Risk**

The Company has insured its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company's operations, financial situation and results. Insurance against all risks associated with mining exploration and production is not always available and where available the cost may be prohibitive and unsustainable.

(i) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Other Risks**

The future viability and profitability of the Company is also dependent on a number of other factors affecting the performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- i) the strength of the equity and share markets in Australia and throughout the world
- ii) general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions
- iii) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party
- iv) insolvency or other managerial failure by any of the contractors used by the Company in its activities
- v) industrial disputes in Australia and overseas



## 10 TAXATION INFORMATION

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### 10.1 Background

This taxation summary provides a general description of the Australian taxation consequences for Tartana Shareholders who dispose of their Tartana Shares pursuant to the Share Offer, and Tartana Optionholders who dispose of their Tartana Options pursuant to the Option Offer.

This summary does not take into account the specific circumstances of any particular Tartana Shareholder or Tartana Optionholder.

This taxation summary is not, and is not intended to be, taxation advice to any Tartana Shareholder or Tartana Optionholder and should not be relied on as such.

The summary does not address the taxation consequences for:

- (a) Tartana Shareholders who are subject to special tax rules (for example, tax exempt entities, insurance companies and superannuation funds);
- (b) Tartana Shareholders who acquired their Tartana Shares (or options to acquire Tartana Shares) in respect of their employment, or an associate's employment, with Tartana or an associated company of Tartana; or
- (c) non-resident Tartana Shareholders who hold their Tartana Shares through a permanent establishment in Australia.

All Tartana Shareholders and Tartana Optionholder should seek their own independent professional advice regarding the taxation implications associated with the Share Offer. The following description is based upon the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 as in effect at 31 December 2020 but it is not intended to be an authoritative or complete statement of the applicable law.

#### CGT Summary

In Australia a taxpayer is required to include net capital gains in their assessable income, net capital gains is worked out under a method statement taking into account capital gains, capital losses and any relevant discount capital gain. The sale of Tartana Shares or Tartana Options pursuant to the relevant Offer will constitute a disposal of the Tartana Shares or Tartana Options respectively and is a "CGT event A1" for working out whether or not a capital gain or a capital loss is made by the shareholder. The "date of disposal" will generally be the date that the relevant Offer is accepted. If, for any reason the Offers do not proceed, no disposal will occur. A Tartana Shareholder or Tartana Optionholder may make a capital gain or a capital loss from the disposal of Tartana Shares or Tartana Options pursuant to the relevant Offer. These amounts will be relevant in determining whether the Tartana Shareholder or Tartana Optionholder is required to include a net capital gain in their assessable income for the income year in which the relevant Offer is accepted. In general, capital gains and capital losses are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any discount capital gains or other concessions in respect of the capital gains. The remaining net capital gain is included in assessable income and subject to tax at the applicable marginal rate of the Tartana Shareholder or Tartana Optionholder.

### 10.2 Capital Gain

#### Australian Resident Tartana Shareholders and Tartana Optionholder

The taxation treatment on the disposal of Tartana Shares by Tartana Shareholders or Tartana Options by Tartana Optionholders will depend upon whether the Tartana Shares or Tartana Options are held on revenue or capital account. Australian resident Tartana Shareholders who trade in Tartana Shares as part of the ordinary course of their business would hold their Tartana Shares respectively on revenue account. These Tartana Shareholders will be required to include the profit arising from the disposal of their ordinary Tartana Shares in their assessable income. Conversely, a loss arising from the disposal of Tartana Shares on revenue account would be allowed as a deduction from assessable income. Generally, all other Australian resident Tartana Shareholders will hold their Tartana Shares on capital account. These Australian resident Tartana Shareholders should consider the impact of Australian CGT rules on the disposal of their Tartana Shares.

A Tartana Shareholder will acquire their R3D Shares and R3D Options on the date the Share Offer is accepted. The cost base of the R3D Shares acquired under the Share Offer should be determined with reference to the market value of R3D Shares on the date of issue (that is, the date of disposal of their Tartana Shares). This is subject to obtaining access to scrip-for-scrip rollover relief discussed below, in which case the cost base of R3D Shares will be determined with reference to the cost base of the Tartana Shares.

Subject to the application of the CGT scrip-for-scrip rollover relief discussed below, an Australian resident Tartana Shareholder will derive a capital gain where the proceeds received on disposal of their Tartana Shares exceed the cost base. The capital proceeds received on disposal of Tartana Shares will be the market value of the R3D Shares and the R3D Options the Tartana Shareholder receives under the Share Offer. A Tartana Shareholder will make a capital loss on the disposal of their Tartana Shares where the disposal proceeds received are less than the reduced cost base of the Tartana Shares and Tartana Options respectively for CGT purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains, They cannot be used to reduce non capital income.

Subject to the application of the CGT scrip-for-scrip rollover relief discussed below, an Australian resident Tartana Option holder will derive a capital gain where the proceeds received on disposal of their Tartana Options exceed the cost base. The capital proceeds received on disposal of Tartana Options will be the market value of the R3D Options the Tartana Optionholder receives under the Option Offer. A Tartana Optionholder will make a capital loss on the disposal of their Tartana Options where the disposal proceeds received are less than the reduced cost base of the Tartana Options for CGT purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains, They cannot be used to reduce non capital income.

Any net capital gain (after recoupment of capital losses) is included in the shareholder's/optionholder's assessable income. The applicable tax payable on the net capital gain will be dependent on the type of shareholder/optionholder. An Australian tax resident individual will be taxed at their marginal rate. Alternatively, an Australian resident company shareholder will be subject to tax at the corporate rate of 30% of taxable income. Where an Australian resident shareholder/optionholder has held the ordinary share/option as a capital asset for at least 12 months the capital gain may be reduced by the general CGT discount concession for particular shareholders. The discount percentage for individuals and trusts is 50%, and for complying superannuation funds and life insurance companies 33%. This means generally only 50% (for individuals and trusts) and 67% (for complying superannuation funds) of the capital gain is included in shareholder's/optionholder's assessable income after the offset of any capital losses. Corporate shareholders/optionholders are not eligible for the general CGT discount concession.

#### **Non-Australian Resident Shareholders**

Where non-Australian residents hold Tartana Shares or Tartana Options on revenue account, the profits on their disposal may be required to be included in the shareholder's/optionholder's assessable income. This is subject to the application of any double tax treaty relief which may exclude such profits from Australian taxation.

Generally, all other non-Australian resident Tartana Shareholders or Tartana Optionholders will hold their Tartana Shares or Tartana Options on capital account. These Tartana Shareholders or Tartana Optionholders should consider the impact of Australian CGT rules on the disposal of their Tartana Shares or Tartana Options. Non-Australian resident shareholders are only subject to Australian CGT where those shareholders are disposing of shares in an Australian company where they held 10% or more of the company and the company predominately holds interests in land and/or mining, quarrying or prospecting rights within Australia. This will also be subject to any double tax treaty relief. Non-Australian resident shareholders will need to seek specific advice in respect of their particular circumstances with respect to Australian CGT on the disposal of Tartana Shares or Tartana Options at the time of any disposal

#### **Scrip-for-scrip Rollover Relief**

If as a result of the Share Offer, R3D acquires at least 80% of the Tartana Shares CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to Tartana qualifying Shareholders who would otherwise realise a capital gain from the disposal of Tartana Shares pursuant to the Share Offer. However as part of the capital proceeds for the Tartana Shares consists of R3D Options and not R3D Shares, that part of the cost base of the Tartana Shares that is reasonably attributable to the value of the R3D Options will not be subject to Rollover Relief.

Rollover Relief may not be available to non-residents. Non-residents should seek tax advice in relation to how the rollover relief applies to their specific circumstances.

The cost base for R3D Shares acquired under the Share Offer and subject to rollover relief will generally be the cost base of the original parcel of Tartana Shares disposed of under the Share Offer less that proportion of that costs base that is reasonably attributable to the value of the R3D Options.

Rollover Relief will not be available to Tartana Shareholders who realise a capital loss from the disposal of Tartana Shares. Where Rollover Relief is available a Tartana Shareholder can elect to either obtain Rollover Relief or recognise the capital gain. If Rollover Relief is available and the Tartana Shareholder elects for Rollover Relief to apply, any capital gain realised by the Tartana Shareholder from the disposal of Tartana Shares will be disregarded to the extent of the Rollover Relief (the Rollover Relief only being partial for the reasons stated above). Instead, Tartana Shareholders electing Rollover Relief in respect of their Tartana Shares will acquire a cost base in the replacement R3D Shares equal to that proportion of the cost base in the Tartana Shares prior to disposal less that proportion that is reasonably attributable to the value of the R3D Options. If Rollover Relief is available and a Tartana Shareholder elects for it to apply, the Tartana Shareholder does not need to lodge a formal election or other document with the Australian Taxation Office. Instead, the income tax return of

the Tartana Shareholder needs to be completed in a manner consistent with the Rollover Relief being available. The effect of choosing Rollover Relief will depend upon the particular circumstances of each Tartana Shareholder and may not benefit all Shareholders. Tartana Shareholders should seek their own independent tax advice in relation to whether to choose Rollover Relief.

If as a result of the Share Offer, R3D acquires at least 80% of the Tartana Shares, CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to Tartana qualifying Optionholders who would otherwise realise a capital gain from the disposal of Tartana Options pursuant to the Option Offer.

Rollover Relief may not be available to non-residents. Non-residents should seek tax advice in relation to how the rollover relief applies to their specific circumstances.

The cost base for R3D Options acquired under the Option Offer and subject to rollover relief will generally be the cost base of the original parcel of Tartana Options disposed of under the Option Offer.

Rollover Relief will not be available to Tartana Optionholders who realise a capital loss from the disposal of Tartana Options. Where Rollover Relief is available a Tartana Optionholder can elect to either obtain Rollover Relief or recognise the capital gain. If Rollover Relief is available and the Tartana Optionholder elects for Rollover Relief to apply, any capital gain realised by the Tartana Optionholder from the disposal of Tartana Options will be disregarded. Instead, Tartana Optionholders electing Rollover Relief in respect of their Tartana Options will acquire a cost base in the replacement R3D Options equal to its cost base in the Tartana Options prior to disposal. If Rollover Relief is available and a Tartana Optionholder elects for it to apply, the Tartana Optionholder does not need to lodge a formal election or other document with the Australian Taxation Office. Instead, the income tax return of the Tartana Optionholder needs to be completed in a manner consistent with the Rollover Relief being available. The effect of choosing Rollover Relief will depend upon the particular circumstances of each Tartana Optionholder and may not benefit all Optionholders. Tartana Optionholders should seek their own independent tax advice in relation to whether to choose Rollover Relief.

### **10.3 GST**

Australian GST should not apply to the disposal of Tartana Shares by Tartana, the issue of R3D Shares, or any subsequent disposal of R3D Shares by R3D Shareholders. Tartana Shareholders who are registered for Australian GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of shares in R3D or Tartana. Tartana Shareholders should seek their own tax advice in this respect.

### **10.4 Stamp Duty**

No stamp duty will be payable by Tartana Shareholders or Tartana Options on the transfer of Tartana Shares or Tartana Options to R3D or on the issue of R3D Shares or R3D Options to Tartana Shareholders or Tartana Optionholders.

## **11 OTHER MATERIAL INFORMATION**

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### **11.1 Information held by R3D**

Information held by R3D about Tartana is as disclosed on Tartana's website.

R3D and Tartana agreed through the Implementation Deed to provide access to confidential information for the purposes of preparing this Bidder's Statement and the Target Statement respectively.

### **11.2 Voting power of R3D in Tartana**

As at 5 February 2021, being the date this Bidder's Statement was lodged with ASIC, R3D has voting power of nil% in Tartana.

### **11.3 Relevant Interests of R3D in Tartana Shares**

R3D holds a Relevant Interest in nil Tartana Shares, giving it a Relevant Interest in approximately nil% of all Tartana Shares.

### **11.4 Acquisition by R3D of Tartana Shares during previous four months**

No Tartana Shares have been purchased by or issued to R3D, and R3D has not provided, or agreed to provide consideration for any Tartana Shares under a purchase or agreement, in the four months before the date of this Bidder's Statement.

### **11.5 Inducing benefits given by R3D during previous four months**

During the four months before the date of lodgement of this Bidder's Statement with ASIC, neither R3D nor any Associate of R3D gave, offered to give or agreed to give, a benefit to another person that is not available under the Offer to all Tartana Shareholders and was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Tartana Shares.

### **11.6 Offer extends to new Tartana Shares**

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Register Date.

Should any Tartana Options be exercised after the Register Date and prior to the close of the Offer, then the Offer will extend to any person who becomes registered or entitled to be registered as the holder of Tartana Shares before the close of the Offer.

If additional Tartana Shares are issued after the end of the Offer Period, subject to R3D being entitled to compulsorily acquire Tartana Shares under Chapter 6A of the Corporations Act, R3D may compulsorily acquire any Tartana Shares issued after the end of the Offer Period.

### **11.7 R3D is a disclosing entity**

Because R3D is offering R3D Shares as consideration for the acquisition of Tartana Shares under the Offer, the Corporations Act requires that this document must include all information that would be required for a prospectus for the Offer of R3D Shares under sections 710 to 713 of the Corporations Act. R3D does not need to issue a separate prospectus for this offer of R3D Shares because the offer of R3D Shares is made as consideration under the Offer and is accompanied by this Bidder's Statement.

R3D is a disclosing entity (as defined in section 111AC of the Corporations Act) and as such is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, R3D is subject to the Listing Rules and is required to continuously disclose to the market any information held by it that a reasonable person would expect to have a material effect on the price or the value of R3D Shares. Copies of announcements made on ASX are available from ASX.

Additionally, R3D is required to lodge various documents with ASIC, copies of which may be obtained from, or inspected at, an ASIC office.

- (a) R3D will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - i) the annual financial report of R3D for the 12 months ended 30 June 2020 (being the annual financial report most recently lodged by R3D with ASIC); and

- ii) any half-year financial report lodged with ASIC by the body after the lodgement of that annual financial report and before the lodgement of the copy of the prospectus with ASIC
- iii) all continuous disclosure notices given by R3D after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by calling the R3D Offer Information Line on +61 2 9251 7177. Copies of all documents lodged with ASIC in relation to R3D can be inspected at the registered office of R3D during normal office hours.

A list of material announcements relating to the Offer appears in Annexure A. A list of announcements made by R3D to ASX between the date of lodgement with ASIC of its annual financial report for the year ended 30 June 2020 and the lodgement of this Bidder's Statement with ASIC on 5 February 2021 appears in Annexure B.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a Tartana Shareholder or a professional adviser to a Tartana Shareholder would reasonably require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of R3D; or
- (b) the rights and liabilities attaching to the R3D Shares.

#### **11.8 Interests of directors**

Mr Daniel Tuan, the current Executive Chairman of R3D Resources, holds 965,573 Shares as at the date of this Bidders Statement. This will reduce to 241,394 upon completion of the consolidation of 1 for 4 Shares approved at the R3D AGM.

- (a) Other than set out below or elsewhere in this Bidder's Statement:
  - i) No Director or proposed Director of R3D and no firm in which a Director of R3D is or was at the relevant time a partner has, or has had in the 2 years before the lodgement of this Bidder's Statement, any interest in the formation or promotion of R3D; or any property proposed to be acquired by R3D in connection with its formation or promotion, or this offer of R3D Shares;
  - ii) No amounts or other benefits, whether in cash or otherwise, has been paid or agreed to any Director of R3D (or any firm in which he or she is or was a partner) either to induce him or her to become, or to qualify him or her as, a Director of R3D, or otherwise for services rendered by him or her or by the firm, in connection with the promotion or formation of R3D, or this offer of R3D Shares.
- (b) Current Directors' indemnity agreements

R3D has entered into an Indemnity and Access Agreement with each current Director. The terms of the agreement provide for R3D:

- i) to indemnify the Director against all liabilities incurred as an officer of Sovereign or any other R3D group company;
  - ii) to ensure that R3D use its best commercial endeavours to maintain Directors and Officers insurance for the benefit of the Director in relation to acts and omissions of the Officer in his capacity as an officer of R3D; and
  - iii) to give access to a Director to documents (excluding a document created after the Director ceased to be an officer of R3D) for the purposes of any claims where the Director is a party, witness or otherwise and the Director is involved because they are or were an officer of Sovereign or any other R3D group company.
- (c) Directors' Fees

The constitution of R3D provides that the Directors are entitled to remuneration as the Directors determine, but the remuneration of the Non-Executive Directors must not exceed, in aggregate, a maximum amount fixed by R3D in general meeting of shareholders for that purpose. The initial maximum amount has been set at \$400,000.

Current annual aggregate fees payable to directors are \$87,900 per annum of which \$47,500 was paid in FY 2020.

### **11.9 Interests of experts and advisers**

This section applies to persons named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement and promoters of R3D (**Prescribed Persons**). Other than set out below or elsewhere in this Bidder's Statement, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) the formation or promotion of R3D;
- (b) the property acquired or proposed to be acquired by R3D in connection with its formation or promotion, or this offer of R3D Shares; or
- (c) this offer of R3D Shares.

Piper Alderman has acted as legal advisors to R3D in connection with the Offer, for which it will be paid \$5,000 plus GST plus disbursements. Piper Alderman also acted as legal advisors to R3D in relation to a prospectus dated on or around 8 February 2021, for which it was paid \$25,000 plus GST plus disbursements.

### **11.10 Consents**

#### **Statements in this Bidder's Statement**

Piper Alderman has given and has not, before the date of lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to R3D in respect of the Offer in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and as the date hereof, has not withdrawn, its written consent to be being named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Bidder's Statement other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Bidder's Statement.

#### **11.11 Consents not required under ASIC Class Orders**

This Bidder's Statement includes or is accompanied by statements which are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. Tartana Shareholders are entitled to obtain from R3D free of charge a copy of any document, which contained such a statement. If you would like to receive a copy of any of these documents, please contact the R3D Offer Information Line on +61 2 9251 7177 and you will be sent a copy free of charge.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains security-trading data sourced from IRESS without its consent.

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

#### **11.12 Status of Defeating Conditions**

The Defeating Conditions of the Offer are set out in section 14. R3D will use all reasonable endeavours to ensure the Defeating Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

#### **11.13 Expiry date**

No R3D Shares will be issued on the basis of this document and the Offer contained in this document after the date that is 13 months after the date of this Bidder's Statement.

#### **11.14 No escalation agreements**

Neither R3D nor any Associate of R3D has entered into any escalation agreement in respect of Tartana Shares that is prohibited by section 622 of the Corporations Act.

**11.15 No other material information**

Except as set out in this document, there is no other information (other than information that it would be unreasonable to require R3D to include because the information has previously been disclosed to the holders of Tartana shares) that

- (a) is material to the making of a decision by Tartana Shareholders as to whether or not to accept the Offers;
- (b) is known to R3D;
- (c) does not relate to the value of the R3D Shares offered as the Offer Consideration under the Share Offer; and does not relate to the value of the R3D Options offered as the Offer Consideration under the Option Offer.

## 12 FORMAL TERMS OF THE SHARE OFFER

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### 12.1 The Share Offer

- (a) R3D offers to acquire all of your Tartana Shares on and subject to the terms and conditions set out in this section 12. You may only accept this Offer for all of your Tartana Shares.
- (b) The R3D Offer extends to any Tartana Shares which become registered in your name on the register of shareholders of Tartana during the period from the Register Date to the end of the Share Offer Period as a result of the conversion of, or exercise of rights attached to, other securities convertible into Tartana Shares which are on issue on the Register Date, for the Share Offer Consideration on the terms and subject to the Share Offer Conditions.
- (c) The Share Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your Tartana Shares during the period from the Register Date to the end of the Share Offer Period.
- (d) By accepting the Share Offer, you undertake to transfer to R3D the Tartana Shares to which the Share Offer relates.
- (e) The Share Offer is dated 5 February 2021

### 12.2 Share Offer Consideration

- (a) You will receive the Share Offer Consideration if you accept the Share Offer and all of the Defeating Conditions are satisfied or waived.
- (b) The Share Offer Consideration is one R3D Share with attaching R3D Options on a 1 for 5 basis, exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Share you hold (subject to rounding up of fractional entitlements).
- (c) R3D Shares to be issued under the Share Offer will rank equally in all respects with existing R3D Shares on issue at the Register Date.

### 12.3 Share Offer Period

The Share Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Share Offer, being 19 February 2021 and ending at 7:00 pm (Sydney Time) on the later of:

- (a) 22 March 2021; or
- (b) any date to which the Share Offer Period is extended in accordance with the Corporations Act.

### 12.4 Official quotation of R3D Shares

- (a) R3D will apply to be readmitted to the Official List of the ASX and R3D Shares, on readmission will be traded on ASX. R3D Shares of the same class as those to be issued under the Share Offer will be granted official quotation by ASX, subject to any restrictions required under Chapter 9 of the Listing Rules.
- (b) R3D has applied for a waiver of LR 9.1(b) and LR 9.1(c) so that the Tartana Shareholders who accept the Share Offer will be treated as seed capitalists and be subject to the application of the cash formula relief using the conversion ratio calculation and to the relevant escrow period for their classification.
- (c) An application will be made to ASX within seven days after the date the Bidder's Statement is given to Tartana for the granting of official quotation of the R3D Shares to be issued as Share Offer Consideration.
- (d) In accordance with section 625(3) of the Corporations Act, the Share Offer is subject to a condition that application for admission to quotation of the R3D Shares issued under the Share Offer is made within seven days after the date the Bidder's Statement is given to Tartana and permission for admission to quotation being granted no later than seven days after the end of the Share Offer Period. This condition may not be waived.

### 12.5 Persons to whom the Share Offer is made

#### Offerees

- (a) This Share Offer is being made to:
  - i) each holder of Tartana Shares registered in Tartana's register of Tartana Shareholders as at the Register Date; and



- ii) any person who becomes registered or entitled to be registered as the holder of Tartana Shares during the period from the Register Date to the end of the Share Offer Period due to the conversion of or exercise of rights attached to other securities convertible into Tartana Shares which are on issue on the Register Date.
- (b) If at the time the Share Offer is made to you, or at any time during the period from the Register Date to the end of the Share Offer Period and before you accept the Share Offer, another person is, or is entitled to be, registered as the holder of some or all of your Tartana Shares to which the Share Offer relates (Transferred Shares), then:
  - i) a corresponding Share Offer will be deemed to have been made to that other person in respect of the Transferred Shares;
  - ii) a corresponding Share Offer will be deemed to have been made to you in respect of your Tartana Shares other than the Transferred Shares; and
  - iii) this Share Offer is deemed to have been withdrawn immediately after making such corresponding Share Offer.

#### **Trustees and nominees**

- (c) If you are a trustee or nominee for several persons in respect of separate parcels of Tartana Shares, section 653B of the Corporations Act deems a separate Share Offer to have been made to you in respect of each separate and distinct parcel.
- (d) To validly accept the Share Offer for any of those separate and distinct parcels, you must complete and sign the Share Offer Acceptance Form, specifying that the Tartana Shares in respect of which you are accepting are a separate and distinct parcel and the number of Tartana Shares in the separate and distinct parcel to which the acceptance relates.
- (e) You may at the one time accept the Share Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.
- (f) If sections 12.5(c) to 12.5(e) apply to you, please contact the R3D Offer Information Line on +61 2 9251 7177 for such additional copies of this document or the Share Offer Acceptance Form as are necessary.

#### **12.6 How to accept the Share Offer**

- (a) General
  - i) Subject to sections 12.5(c) to 12.5(e) and 12.6(c), you may accept the Share Offer in respect of all your Tartana Shares.
  - ii) You may accept the Share Offer at any time during the Share Offer Period.
- (b) Tartana Shares held through different structures

If your Tartana Shares are held in different parcels in different structures, your acceptance of the Share Offer will require action under 12.5(c) to 12.5(e) in relation to the different parcels of your Tartana Shares.
- (c) Nominee holdings

If your Tartana Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Share Offer.
- (d) Status of Share Offer Acceptance Form
  - i) The Share Offer Acceptance Form which accompanies this document form part of the Share Offer. The requirements on the Share Offer Acceptance Form must be observed when accepting the Share Offer.
  - ii) The method chosen to deliver the Share Offer Acceptance Form and other documents is at the risk of each accepting Tartana Shareholder.
- (e) Where to deliver your Share Offer Acceptance Form

You may send your completed and signed Share Offer Acceptance Form (and any other documents, if any, required by the instructions on the Share Offer Acceptance Form) by post to:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia

(f) R3D's discretion

Notwithstanding anything to the contrary in this section 12.6, R3D may at its discretion treat any Share Offer Acceptance Form received before the end of the Share Offer Period (at an address indicated on the Share Offer Acceptance Form or such other address or fax number as may be acceptable to R3D) as valid or waive any requirements to the contrary in any case, but the provision of the Share Offer Consideration in accordance with the Share Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by R3D.

### 12.7 Effect of acceptance

By accepting the Share Offer, or initiating acceptance of the Share Offer, in accordance with section 12.6, you will, or will be deemed to, have:

- (a) accepted the Share Offer for your Tartana Shares and irrevocably agreed to the Share Offer Conditions to sell your Tartana Shares to R3D;
- (b) subject to Completion and the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, agreed to transfer your Tartana Shares to R3D in accordance with the terms set out in the Share Offer;
- (c) subject to Completion and the Share Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, authorised R3D to issue to you the R3D Shares due to you, and to register your name in the R3D register of shareholders in respect of those R3D Shares, and agreed that you will be bound by the Constitution;
- (d) authorised R3D (by its directors, officers or agents) to complete your Share Offer Acceptance Form by inserting such details as are omitted in respect of your Tartana Shares and to rectify any errors in or omissions from the Share Offer Acceptance Form as may be necessary to make the Share Offer Acceptance Form an effective acceptance of the Share Offer or to enable registration of the transfer of your Tartana Shares to R3D;
- (e) represented and warranted to R3D that as a fundamental condition going to the root of the contract that, both at the time of acceptance of the Share Offer and at the time of transfer of your Tartana Shares to R3D, your Tartana Shares are fully paid and free from all mortgages, charges, liens, encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind and that you have full power, capacity and authority to sell and transfer your Tartana Shares (including the legal and beneficial ownership in those Tartana Share);
- (f) with effect from the date that the Share Offer, or any contract resulting from your acceptance of the Share Offer, becomes unconditional until registration of a transfer of your Tartana Shares to R3D, irrevocably appointed R3D and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your Tartana Shares or in exercise of any right derived from the holding of your Tartana Shares, including (without limiting the generality of the foregoing):
  - i) attending and voting at any meeting of Tartana Shareholders;
  - ii) demanding a poll for any vote to be taken at any meeting of Tartana Shareholders;
  - iii) proposing or seconding any resolution to be considered at any meeting of Tartana Shareholders;
  - iv) requisitioning the convening of any meeting of Tartana Shareholders and convening a meeting pursuant to any such requisition (or joining with other Tartana Shareholders to do either of those things);
  - v) notifying Tartana that in respect of your Tartana Shares, your address in the records of Tartana for all purposes, including the despatch of notices of meeting, annual reports and distributions, should be altered to an address nominated by R3D, and directing Tartana to send all correspondence, payments or notifications in respect of and any other communications and documents whatsoever in respect of your Tartana Shares to R3D at that address;

- vi) executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of R3D as a proxy in respect of all or any of your Tartana Shares and a transfer form for your Tartana Shares), proxy forms, consents, agreements and resolutions relating to your Tartana Shares as may be necessary or desirable to convey your Tartana Shares to R3D;
  - vii) requesting Tartana to register in the name of R3D your Tartana Shares on any register of Tartana; and
  - viii) doing all things incidental or ancillary to any of the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of R3D as the intended registered holder and beneficial owner of your Tartana Shares and to have further agreed to do all such acts, matters and things that R3D may require to give effect to the matters the subject of this paragraph (including the execution of a written proxy form to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Tartana) if requested by R3D.
- (g) agreed that the appointment in section 12.7(f) is being given for valuable consideration to secure the interest acquired in your Tartana Shares and is irrevocable;
- (h) agreed, in the absence of a prior waiver of this requirement by R3D, not to attend or vote in person at any meeting of Tartana or to exercise any of the powers conferred on R3D or its nominee in section 12.7(f)
- (i) agreed to indemnify R3D in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your Tartana Shares being registered by R3D without production of your Holder Identification Number for your Tartana Shares;

#### **12.8 When you will receive your Share Offer Consideration**

- (a) Subject to this section 12.8 and sections 12.6, 12.9 and 12.10 and to the Corporations Act, if you accept the Share Offer, R3D will allot the Share Offer Consideration that you are entitled to under section 12.2 on or before the earlier of:
- i) one month after the date the Share Offer is validly accepted by you or, if the Share Offer is subject to Defeating Conditions when you accept the Share Offer, within one month after the takeover contract resulting from your acceptance of the Offer becomes unconditional; and
  - ii) 21 days after the end of the Share Offer Period; or
  - iii) the date of readmission of R3D Shares to the Official List of the ASX
- (b) Where documents are required to be given to R3D with your acceptance to enable R3D to become the holder of your Tartana Shares (such as a power of attorney):
- i) if the documents are given with your acceptance, R3D will allot the Share Offer Consideration to you in accordance with section 12.8(a)
  - ii) if the documents are given after acceptance and before the end of the Share Offer Period while the Share Offer is still subject to a Defeating Condition, R3D will allot the Share Offer Consideration to you by the end of whichever of the following periods ends first:
    - one month after the contract resulting from your acceptance becomes unconditional; and
    - 21 days after the end of the Share Offer Period;
  - iii) if the documents are given after acceptance and before the end of the Offer Period while the Share Offer is no longer subject to a Defeating Condition, R3D will allot the Share Offer Consideration to you by the end of whichever of the following periods ends first:
    - one month after R3D is given the documents; and
    - 21 days after the end of the Share Offer Period;
  - iv) one month after R3D is given the documents; and
  - v) 21 days after the end of the Share Offer Period;
  - vi) if the documents are given after the end of the Share Offer Period while the Share Offer is no longer subject to a Defeating Condition, R3D will allot the Share Offer Consideration to you within 21 days after the documents are given; or

- vii) if the documents are given after the end of the Share Offer Period while the Share Offer is still subject to a Defeating Condition, R3D will allot the Share Offer Consideration to you within 21 days after the contract which arises upon your acceptance of the Share Offer becomes unconditional.
- (c) The obligation of R3D to allot any R3D Shares to which you are entitled under the Share Offer will be satisfied by R3D:
- i) entering your name on the register of shareholders of R3D; and
  - ii) despatching or procuring the despatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of Tartana Shareholders maintained by Tartana. If your Tartana Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address that appears first in the copy of the register of Tartana Shareholders maintained by Tartana;
- (d) If, at the time of acceptance of the Share Offer, you are resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:
- i) Banking (Foreign Exchange) Regulations 1959;
  - ii) part 4 of the Charter of the United Nations Act 11945 (Cth);
  - iii) the Charter of the United Nations (Dealing with Assts) Regulations 2008 (Cth);
  - iv) the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth); or
  - v) any other law of Australia that would make it unlawful for R3D to provide consideration for your Tartana Shares,
  - vi) acceptance of the Share Offer will not create for you or transfer to you any right (contractual or contingent) to receive the Share Offer Consideration specified in the Share Offer unless and until all requisite authorities or clearances have been obtained by R3D.

### 12.9 Foreign Shareholders

- (a) If you are Foreign Shareholder, you should be aware that in jurisdictions outside Australia, this Share Offer may be restricted by law, and you should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Share Offer does not constitute the Share Offer in any place in which, or to persons to whom, it would not be lawful to make the Share Offer.
- (b) If a Foreign Shareholder accepts the Share Offer, in respect of those R3D Shares which you would have become entitled to receive under section 12.2 but for restrictions under 12.9(a), R3D will:
- i) issue to the Nominee the number of R3D Shares which you and all other Foreign Shareholders would have been entitled to under section 12.2 but for section 12.9(a)
  - ii) cause the Nominee to sell on-market, or cause the Nominee to procure the on-market sale of, all of the R3D Shares issued to it under section 12.9(b)i) as soon as practicable and in any event not more than 30 Business Days after the close of the Share Offer;
  - iii) after the sale of the R3D Shares pursuant to section 12.9(b)ii), cause the Nominee to pay, or procure the payment of, the amount which is received by the Nominee upon the sale of all R3D Shares under section 12.9(b)ii) less brokerage and other sale expenses (Proceeds of Sale) to R3D; and
  - iv) pay the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

**Proceeds of Sale x (A/B) where:**

A is the number of R3D Shares which R3D would otherwise be required to issue to you as a result of your acceptance of the Share Offer under section 12.2; and

B is the total number of R3D Shares issued to the Nominee under section 13.9(b)i).

- (c) The amount payable to you under section 12.9(b) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the copy of the register of Tartana Shareholders maintained by Tartana. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (d) Notwithstanding anything else contained in this document, R3D is not under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not a Foreign Shareholder and is therefore eligible to receive R3D Shares under the Share Offer.

#### **12.10 Defeating Conditions**

The Share Offer and any contract that results from the acceptance of the Share Offer are subject to fulfilment of the Defeating Conditions set out in section 14.

#### **12.11 Nature and effect of Defeating Conditions**

- (a) Each of the Defeating Conditions set out in section 14 is a condition subsequent.
- (b) Each of the Defeating Conditions set out in section 14 is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other Defeating Condition, nor shall any condition in section 14 merge on completion of any contract arising from acceptance of the Share Offer.
- (c) The breach or non-fulfilment of any Defeating Condition does not prevent a contract to sell your Tartana Shares arising from your acceptance of the Share Offer, but if
  - i) R3D has not declared the Share Offer to be free from the Defeating Conditions in section 14 before the Conditions Notice Date; and
  - ii) the Defeating Conditions in section 14 have not been fulfilled at the end of the Share Offer Period,
- (d) all contracts resulting from the acceptance of the Share Offer and all acceptances that have not resulted in binding contracts are void. In such case, R3D will:
  - i) return all documents forwarded by you to the address shown in the Share Offer Acceptance Form; and
  - ii) notify ASX Settlement of the lapse of the Share Offer in accordance with Rule 14.19 of the ASX Settlement Rules.

#### **12.12 Benefit of the Defeating Conditions**

Subject to the provisions of the Corporations Act, R3D alone shall be entitled to the benefit of the Defeating Conditions in section 14 and any non-fulfilment of such Defeating Conditions may be relied upon only by R3D.

#### **12.13 Freeing of the Share Offer from the Defeating Conditions**

Subject to section 650F of the Corporations Act, R3D may at any time in its sole discretion declare the Share Offer free from any or all of the Defeating Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to Tartana with a copy given to ASX.

#### **12.14 Statutory condition**

The Share Offer and any contract that results from your acceptance of it are subject to the condition that:

- (a) an application is made to ASX within seven days after the date the Bidder's Statement is given to Tartana for the granting of admission to official quotation of the R3D Shares to be issued as Share Offer Consideration; and
- (b) permission for admission to official quotation by ASX of the R3D Shares to be issued pursuant to the Share Offer is granted no later than seven days after the end of the Share Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Share Offer will be automatically void.

#### **12.15 Notice on the status of the Defeating Conditions**

The date for giving the notice on the status of the Defeating Conditions required by section 630(3) of the Corporations Act is the Conditions Notice Date (subject to extension in accordance with section 630(2) of the Corporations Act if the Share Offer Period is extended).

**12.16 Variation of the Share Offer**

R3D may vary the Share Offer as permitted by Part 6.6 Division 2 of the Corporations Act. A variation may extend the Share Offer Period and may increase the Share Offer Consideration. Any variations to the Share Offer will be notified to the ASX and in accordance with the Corporations Act. If you have accepted the Share Offer prior to a variation, you will receive the benefit of that variation.

**12.17 Withdrawal of the Share Offer**

- (a) In accordance with section 652B of the Corporations Act, the Share Offer may only be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.
- (b) If R3D withdraws the Share Offer, all contracts arising from its acceptance will automatically be void.

**12.18 Governing law**

The Share Offer and any contract that results from your acceptance of the Share Offer is governed by the laws in force in New South Wales.

## **13 FORMAL TERMS OF THE OPTION OFFER**

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### **13.1 The Option Offer**

- (a) R3D offers to acquire all of your Tartana Options on and subject to the terms and conditions set out in this section 13. You may only accept this Option Offer for all of your Tartana Options.
- (b) The Option Offer extends to any Tartana Options which become registered in your name on the register of shareholders of Tartana during the period from the Register Date to the end of the Option Offer Period as a result of the conversion of, or exercise of rights attached to, other securities convertible into Tartana Options which are on issue on the Register Date, for the Option Offer Consideration on the terms and subject to the Option Offer Conditions.
- (c) The Option Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your Tartana Options during the period from the Register Date to the end of the Option Offer Period.
- (d) By accepting the Option Offer, you undertake to transfer to R3D the Tartana Options to which the Option Offer relates.
- (e) The Option Offer is dated 5 February 2021

### **13.2 Option Offer Consideration**

- (a) You will receive the Option Offer Consideration if you accept the Option Offer and all of the Defeating Conditions are satisfied or waived.
- (b) The Option Offer Consideration is one R3D Option, exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Option you hold (subject to rounding up of fractional entitlements).

### **13.3 Option Offer Period**

The Option Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 19 February 2021 and ending at 7:00 pm (Sydney Time) on the later of:

- (a) 22 March 2021; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.

### **13.4 Persons to whom the Offer is made**

#### **Offerees**

- (a) This Option Offer is being made to:
  - i) each holder of Tartana Options registered in Tartana's register of Tartana Optionholders as at the Register Date; and
  - ii) any person who becomes registered or entitled to be registered as the holder of Tartana Options during the period from the Register Date to the end of the Offer Period due to the conversion of or exercise of rights attached to other securities convertible into Tartana Options which are on issue on the Register Date.
- (b) If at the time the Option Offer is made to you, or at any time during the period from the Register Date to the end of the Option Offer Period and before you accept the Option Offer, another person is, or is entitled to be, registered as the holder of some or all of your Tartana Options to which the Option Offer relates (Transferred Shares), then:
  - i) a corresponding Option Offer will be deemed to have been made to that other person in respect of the Transferred Options;
  - ii) a corresponding Option Offer will be deemed to have been made to you in respect of your Tartana Options other than the Transferred Options; and
  - iii) this Option Offer is deemed to have been withdrawn immediately after making such corresponding Option Offer.

**Trustees and nominees**

- (c) If you are a trustee or nominee for several persons in respect of separate parcels of Tartana Options, section 653B of the Corporations Act deems a separate Offer to have been made to you in respect of each separate and distinct parcel.
- (d) To validly accept the Offer for any of those separate and distinct parcels, you must complete and sign the Offer Acceptance Form.
- (e) In each case specifying that the Tartana Options in respect of which you are accepting are a separate and distinct parcel and the number of Tartana Options in the separate and distinct parcel to which the acceptance relates.
- (f) You may at the one time accept the Option Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.
- (g) If sections 13.5(c) to 13.4(f) apply to you, please contact the R3D Offer Information Line on +61 2 9251 7177 for such additional copies of this document or the Offer Acceptance Form as are necessary.

**13.5 How to accept the Option Offer**

- (a) General
  - i) Subject to sections 13.5(c) to 13.4(f) and 13.5(c), you may accept the Option Offer in respect of all your Tartana Options.
  - ii) You may accept the Option Offer at any time during the Option Offer Period.
- (b) Tartana Options held through different structures

If your Tartana Options are held in different parcels in different structures, your acceptance of the Option Offer will require action under 13.5(c) to 13.4(f) in relation to the different parcels of your Tartana Options.
- (c) Nominee holdings

If your Tartana Options are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Option Offer.
- (d) Status of Offer Acceptance Form
  - i) The Option Offer Acceptance Form which accompanies this document form part of the Option Offer. The requirements on the Option Offer Acceptance Form must be observed when accepting the Option Offer.
  - ii) The method chosen to deliver the Option Offer Acceptance Form and other documents is at the risk of each accepting Tartana Optionholder.
- (e) Where to deliver your Offer Acceptance Form

You may send your completed and signed Option Offer Acceptance Form (and any other documents, if any, required by the instructions on the Option Offer Acceptance Form) by post to:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia
- (f) **R3D's discretion**

Notwithstanding anything to the contrary in this section 13.5, R3D may at its discretion treat any Option Offer Acceptance Form received before the end of the Option Offer Period (at an address indicated on the Option Offer Acceptance Form or such other address or fax number as may be acceptable to R3D) as valid or waive any requirements to the contrary in any case, but the provision of the Option Offer Consideration in accordance with the Option Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by R3D.



### 13.6 Effect of acceptance

By accepting the Option Offer, or initiating acceptance of the Option Offer, in accordance with section 13.5, you will, or will be deemed to, have:

- (a) accepted the Option Offer for your Tartana Options and irrevocably agreed to the Option Offer Conditions to sell your Tartana Options to R3D;
- (b) subject to Completion and the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, agreed to transfer your Tartana Options to R3D in accordance with the terms set out in the Option Offer;
- (c) subject to Completion and the Option Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, authorised R3D to issue to you the R3D Options due to you, and to register your name in the R3D register of shareholders in respect of those R3D Options, and agreed that you will be bound by the Constitution;
- (d) authorised R3D (by its directors, officers or agents) to complete your Option Offer Acceptance Form by inserting such details as are omitted in respect of your Tartana Options and to rectify any errors in or omissions from the Option Offer Acceptance Form as may be necessary to make the Option Offer Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of your Tartana Options to R3D;
- (e) represented and warranted to R3D that as a fundamental condition going to the root of the contract that, both at the time of acceptance of the Option Offer and at the time of transfer of your Tartana Options to R3D, your Tartana Options are fully paid and free from all mortgages, charges, liens, encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind and that you have full power, capacity and authority to sell and transfer your Tartana Options (including the legal and beneficial ownership in those Tartana Share);
- (f) with effect from the date that the Option Offer, or any contract resulting from your acceptance of the Option Offer, becomes unconditional until registration of a transfer of your Tartana Options to R3D, irrevocably appointed R3D and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your Tartana Options or in exercise of any right derived from the holding of your Tartana Options, including (without limiting the generality of the foregoing):
  - i) notifying Tartana that in respect of your Tartana Options, your address in the records of Tartana for all purposes, including the despatch of notices of meeting, annual reports and distributions, should be altered to an address nominated by R3D, and directing Tartana to send all correspondence, payments or notifications in respect of and any other communications and documents whatsoever in respect of your Tartana Options to R3D at that address;
  - ii) executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of R3D as a proxy in respect of all or any of your Tartana Options and a transfer form for your Tartana Options), proxy forms, consents, agreements and resolutions relating to your Tartana Options as may be necessary or desirable to convey your Tartana Options to R3D;
  - iii) requesting Tartana to register in the name of R3D your Tartana Options on any register of Tartana; and
  - iv) doing all things incidental or ancillary to any of the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of R3D as the intended registered holder and beneficial owner of your Tartana Options and to have further agreed to do all such acts, matters and things that R3D may require to give effect to the matters the subject of this paragraph (including the execution of a written proxy form to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Tartana) if requested by R3D.
- (g) agreed that the appointment in section 13.6(f) is being given for valuable consideration to secure the interest acquired in your Tartana Options and is irrevocable;
- (h) agreed to indemnify R3D in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the

transfer of your Tartana Options being registered by R3D without production of your Holder Identification Number for your Tartana Options;

### 13.7 When you will receive your Offer Consideration

- (a) Subject to this section 13.7 and sections 13.5, 13.8 and 13.9 and to the Corporations Act, if you accept the Option Offer, R3D will allot the Option Offer Consideration that you are entitled to under section 12.2 on or before the earlier of:
- i) one month after the date the Option Offer is validly accepted by you or, if the Option Offer is subject to Defeating Conditions when you accept the Option Offer, within one month after the takeover contract resulting from your acceptance of the Offer becomes unconditional; and
  - ii) 21 days after the end of the Offer Period; or
  - iii) the date of readmission of R3D Shares to the Official List of the ASX
- (b) Where documents are required to be given to R3D with your acceptance to enable R3D to become the holder of your Tartana Options (such as a power of attorney):
- i) if the documents are given with your acceptance, R3D will allot the Option Offer Consideration to you in accordance with section 13.7(a)
  - ii) if the documents are given after acceptance and before the end of the Option Offer Period while the Option Offer is still subject to a Defeating Condition, R3D will allot the Option Offer Consideration to you by the end of whichever of the following periods ends first:
    - one month after the contract resulting from your acceptance becomes unconditional; and
    - 21 days after the end of the Offer Period;
  - iii) if the documents are given after acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, R3D will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
    - one month after R3D is given the documents; and
    - 21 days after the end of the Offer Period;
  - iv) if the documents are given after the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, R3D will allot the Offer Consideration to you within 21 days after the documents are given; or
  - v) if the documents are given after the end of the Offer Period while the Option Offer is still subject to a Defeating Condition, R3D will allot the Offer Consideration to you within 21 days after the contract which arises upon your acceptance of the Offer becomes unconditional.
- (c) The obligation of R3D to allot any R3D Options to which you are entitled under the Option Offer will be satisfied by R3D:
- i) entering your name on the register of Optionholders of R3D; and
  - ii) despatching or procuring the despatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of Tartana Optionholders maintained by Tartana. If your Tartana Options are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address that appears first in the copy of the register of Tartana Optionholders maintained by Tartana;
- (d) If, at the time of acceptance of the Offer, you are resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:
- i) Banking (Foreign Exchange) Regulations 1959;
  - ii) part 4 of the Charter of the United Nations Act 11945 (Cth);
  - iii) the Charter of the United Nations (Dealing with Assts) Regulations 2008 (Cth);

- iv) the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth); or
- v) any other law of Australia that would make it unlawful for R3D to provide consideration for your Tartana Options,

acceptance of the Option Offer will not create for you or transfer to you any right (contractual or contingent) to receive the Offer Consideration specified in the Option Offer unless and until all requisite authorities or clearances have been obtained by R3D.

### 13.8 Foreign Shareholders

- (a) If you are Foreign Shareholder, you should be aware that in jurisdictions outside Australia, this Option Offer may be restricted by law, and you should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Option Offer does not constitute the Option Offer in any place in which, or to persons to whom, it would not be lawful to make the Option Offer.
- (b) If a Foreign Optionholder accepts the Option Offer, in respect of those R3D Options which you would have become entitled to receive under section 13.2 but for restrictions under 13.8(a), R3D will:
  - i) issue to the Nominee the number of R3D Options which you and all other Foreign Optionholders would have been entitled to under section 13.2 but for section 13.8(a);
  - ii) cause the Nominee to sell, or cause the Nominee to procure the off-market sale of, all of the R3D Options issued to it under section 13.8(b)i) as soon as practicable and in any event not more than 30 Business Days after the close of the Option Offer;
  - iii) after the sale of the R3D Options pursuant to section 13.8(b)ii), cause the Nominee to pay, or procure the payment of, the amount which is received by the Nominee upon the sale of all R3D Options under section 13.8(b)ii) less brokerage and other sale expenses (Proceeds of Sale) to R3D; and
  - iv) pay the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

**Proceeds of Sale x (A/B) where:**

A is the number of R3D Options which R3D would otherwise be required to issue to you as a result of your acceptance of the Option Offer under section 12.2; and

B is the total number of R3D Options issued to the Nominee under section 13.8(b)i)

- (c) The amount payable to you under section 13.8(b) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the copy of the register of Tartana Optionholders maintained by Tartana. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (d) Notwithstanding anything else contained in this document, R3D is not under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not a Foreign Optionholder and is therefore eligible to receive R3D Options under the Offer.

### 13.9 Defeating Conditions

The Option Offer and any contract that results from the acceptance of the Option Offer are subject to fulfilment of the Defeating Conditions set out in section 14.

### 13.10 Nature and effect of Defeating Conditions

- (a) Each of the Defeating Conditions set out in section 14 is a condition subsequent.
- (b) Each of the Defeating Conditions set out in section 14 is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other Defeating Condition, nor shall any condition in section 14 merge on completion of any contract arising from acceptance of the Option Offer.
- (c) The breach or non-fulfilment of any Defeating Condition does not prevent a contract to sell your Tartana Options arising from your acceptance of the Offer, but if
  - i) R3D has not declared the Option Offer to be free from the Defeating Conditions in section 14 before the Conditions Notice Date; and

- ii) the Defeating Conditions in section 14 have not been fulfilled at the end of the Option Offer Period,
- (d) all contracts resulting from the acceptance of the Option Offer and all acceptances that have not resulted in binding contracts are void. In such case, R3D will:
- i) return all documents forwarded by you to the address shown in the Option Offer Acceptance Form; and
  - ii) notify ASX Settlement of the lapse of the Option Offer in accordance with Rule 14.19 of the ASX Settlement Rules.

### **13.11 Benefit of the Defeating Conditions**

Subject to the provisions of the Corporations Act, R3D alone shall be entitled to the benefit of the Defeating Conditions in section 14 and any non-fulfilment of such Defeating Conditions may be relied upon only by R3D.

### **13.12 Freeing of the Option Offer from the Defeating Conditions**

Subject to section 650F of the Corporations Act, R3D may at any time in its sole discretion declare the Offer free from any or all of the Defeating Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to Tartana with a copy given to ASX.

### **13.13 Notice on the status of the Defeating Conditions**

The date for giving the notice on the status of the Defeating Conditions required by section 630(3) of the Corporations Act is the Conditions Notice Date (subject to extension in accordance with section 630(2) of the Corporations Act if the Option Offer Period is extended).

### **13.14 Variation of the Option Offer**

R3D may vary the Option Offer as permitted by Part 6.6 Division 2 of the Corporations Act. A variation may extend the Option Offer Period and may increase the Option Offer Consideration. Any variations to the Option Offer will be notified to the ASX and in accordance with the Corporations Act. If you have accepted the Option Offer prior to a variation, you will receive the benefit of that variation.

### **13.15 Withdrawal of the Option Offer**

- (a) In accordance with section 652B of the Corporations Act, the Offer may only be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.
- (b) If R3D withdraws the Option Offer, all contracts arising from its acceptance will automatically be void.

### **13.16 Governing law**

The Offer and any contract that results from your acceptance of the Option Offer is governed by the laws in force in New South Wales.

## 14 CONDITIONS OF THE OFFERS

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The Offers, and any contract that results from your acceptance of the Offers, is subject to the following Defeating Conditions being satisfied or waived by R3D.

If the Defeating Conditions to the Offers are not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offers will lapse, and you will retain your Tartana Shares and Tartana Options.

### 14.1 Minimum acceptance condition

Before the end of the Offer Period, R3D and its Associates have Relevant Interests in at least 90% (by number) of all Tartana Shares and Tartana Options.

### 14.2 Regulatory Approval

Before the end of the Offer Period, R3D has obtained any Regulatory Approval required in respect of its intended ownership of Tartana and its operation of the business of Tartana.

### 14.3 No restraint adversely affecting the Offer

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Offer or the transactions contemplated by the Offer is in effect at the close of the Offer Period.

### 14.4 ASX Approvals

- (a) The ASX approving the reinstatement of R3D to Official Quotation; and
- (b) The ASX granting a waiver in relation to the application of Chapter 9 of the ASX Rules resulting in the securities of Tartana Security Holders being treated not less favourably than if Tartana were undertaking a direct initial public offering under Chapter 1 of the ASX Rules.

### 14.5 Public Offer

R3D successfully completing a Public Offer to raise \$4.25 million.

### 14.6 No Tartana Prescribed Occurrence

Between the Announcement Date and the end of the Offer Period (each inclusive), no Tartana Prescribed Occurrence occurs without the prior written approval of R3D.

### 14.7 No Tartana Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Tartana Material Adverse Change occurs.

### 14.8 Representations

Between the Announcement Date and the end of the Offer Period (each inclusive), no circumstance or event occur which would make any of the following statements, if those statements had been made on the Announcement Date, untrue or incorrect in any material respect:

- (a) subject to the issue of any Tartana Shares on exercise of Tartana Options the issued share capital of Tartana comprises 70,998,698 Tartana Shares;
- (b) other than 3,750,000 Tartana Convertible Notes, there are no securities of Tartana convertible into Tartana Shares; and 13,500,000 Tartana Options, each Tartana Option entitling the holder to subscribe for one Tartana Share on the terms and conditions applicable to the Tartana Option;
- (c) other than the Tartana Options referred to in section 14.8(b) above, there are no options over Tartana Shares or other entitlements to have Tartana Shares issued; and
- (d) Tartana is not involved in any negotiations with a party other than R3D relating to or concerning a Competing Proposal.

**14.9 Nature of conditions**

Each of the Defeating Conditions set out in each paragraph and subparagraph of section 14 will:

- (a) be construed as a separate, several and distinct condition;
- (b) be a condition subsequent; and
- (c) until the expiration of the Offer will be for the benefit of R3D alone and may be relied upon only by R3D.

**14.10 Conditions apply to multiple events**

- (a) Where an event occurs that would have the effect, at the time the event occurs, that a Defeating Condition to which the Offer or the contract resulting from an acceptance of the Offer is then subject would not be fulfilled, each Defeating Condition affected by that event becomes two separate Defeating Conditions on identical terms except that:
  - i) one of them relates solely to that event;
  - ii) the other specifically excludes that event; and
  - iii) R3D may declare the Offer free from either of those Conditions without declaring it free from the other and may do so at different times.
- (b) This clause 14.10 may apply any number of times to a particular Defeating Condition (including a Defeating Condition arising from a previous operation of this clause).

**15 APPROVAL OF THE BIDDER'S STATEMENT**

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This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of R3D.

This Bidder's Statement is dated 5 February 2021.

Signed on behalf of R3D by Daniel Yeo Chin Tuan, being a director of R3D who has been authorised to sign by a unanimous resolution passed by all the directors of R3D.



Daniel Yeo Chin Tuan,  
Chairman

## 16 GLOSSARY

## 16.1 Definitions

|                                  |   |
|----------------------------------|---|
| <b>AASB</b>                      | Australian Accounting Standards Board   |
| <b>Announcement</b>              | announcement of the Offer released by R3D on the Announcement Date  |
| <b>Announcement Date</b>         | 4 February 2021   |
| <b>Approvals</b>                 | approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings  |
| <b>ASIC</b>                      | Australian Securities and Investments Commission  |
| <b>Associate</b>                 | the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)  |
| <b>ASX</b>                       | ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited ACN 008 624 691, as the context requires   |
| <b>ASX Clear Operating Rules</b> | operating rules of ASX Clear Pty Limited ABN 48 001 314 503 from time to time   |
| <b>ASX Settlement</b>            | ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers CHESS   |
| <b>ASX Settlement Rules</b>      | rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement   |
| <b>Bidder's Statement</b>        | this document, which is given by R3D in respect of the Offers pursuant to Part 6.5 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act  |
| <b>Board</b>                     | when used in reference to a company, the board of directors of that company   |
| <b>Broker</b>                    | a person who is a share broker and a participant in CHESS   |
| <b>Business Day</b>              | the meaning given in the Listing Rules  |
| <b>CGT</b>                       | capital gains tax, being the tax you pay on a capital gain. Further information is set out in section 10  |
| <b>CHESS</b>                     | Clearing House Electronic Subregister System, which provides for electronic transfer of securities in Australia   |
| <b>Closing Date</b>              | 7:00 pm (AEST) on the last day of the Offer Period  |
| <b>Competing Proposal</b>        | a bona fide proposal or offer by any person with respect to any transaction (by purchase, scheme of arrangement, takeover bid or otherwise) that may result in any person (or group of persons) other than R3D or its related entities or associates: |



- (a) acquiring voting power of more than 20% in Tartana or any subsidiary of Tartana;
- (b) acquiring an interest in all or a substantial part of the assets of Tartana or any subsidiary of Tartana; or
- (c) otherwise acquiring control within the meaning of section 50AA of the Corporations Act of, or
- (d) merging or amalgamating with, Tartana or any subsidiary of Tartana.

|                                 |   |
|---------------------------------|---|
| <b>Completion</b>               | the issue of R3D Shares and R3D Options upon satisfaction of the Conditions of the Offer  |
| <b>Conditions Notice Date</b>   | 15 March 2021 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended)  |
| <b>Conditions of the Offer</b>  | the conditions set out in section 14  |
| <b>Constitution</b>             | the constitution of R3D, as amended from time to time   |
| <b>Controlling Participant</b>  | a Participant who is designated as the controlling participant for shares or other security in a CHESS Holding in accordance with the ASX Settlement Rules  |
| <b>Corporations Act</b>         | the Corporations Act 2001 (Cth)   |
| <b>Corporations Regulations</b> | the Corporations Regulations 2001 (Cth)   |
| <b>Defeating Condition</b>      | each condition of the Offer set out in section 14 of this Bidder's Statement  |
| <b>ELA</b>                      | Exploration Licence application   |
| <b>EPM</b>                      | an area granted under the Mineral Resources Act in respect to mineral exploration   |
| <b>Foreign Shareholder</b>      | a Tartana Shareholder whose address as shown on the Tartana share register is a place outside Australia and its external territories and New Zealand  |
| <b>Glossary</b>                 | this glossary   |
| <b>Government Agency</b>        | any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world  |
| <b>Insolvency Event</b>         | for a person, being in liquidation or provisional liquidation or bankruptcy or provisional bankruptcy or under administration, having a controller, receiver, receiver and manager or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act (or its statutory equivalent in any other jurisdiction) to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, dying, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act (or its statutory equivalent in any other jurisdiction)), entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors or any analogous event, the making of an order |

|  |   |
|--|---|
|  | by a court for the winding up of a person, or a person resolving that it be wound up.   |
| <b>Issuer Sponsored Holding</b>          | a holding of Tartana Shares on Tartana's issuer sponsored subregister   |
| <b>JORC Resource</b>                     | an economic resource as defined under the Joint Ore Reserves Committee guidelines   |
| <b>Listing Rules</b>                     | the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX   |
| <b>Merged Group</b>                      | the R3D Group following its acquisition of all or a majority of the Tartana Shares  |
| <b>Merger</b>                            | the acquisition by R3D of all or a majority of the Tartana Shares   |
| <b>Mineral Resources Act</b>             | the <i>Mineral Resources Act 1989 (Qld)</i>   |
| <b>Mineral Resources Development Act</b> | the Mineral Resources Development Act 1995 (Tas)  |
| <b>Mining Lease or ML</b>                | the area of land granted under the Mineral Resources Development Act or under the Mineral Resources Act in which a person may carry out mining operations   |
| <b>Nominee</b>                           | a nominee to be appointed by R3D and approved by ASIC   |
| <b>Offer Conditions</b>                  | the terms and conditions of the Offer set out in sections 12 and 13   |
| <b>Offer Period</b>                      | the period during which the Offer remains open  |
| <b>Offers</b>                            | the offers by R3D to acquire Tartana Shares and Tartana Options that R3D does not control, including all Tartana Shares and Tartana Options on issue as at the end of the Offer Period on the Offer Conditions                  |
| <b>Option</b>                            | an entitlement to receive a share subject to and compliance with the applicable exercise procedure (including payment of any applicable exercise price).  |
| <b>Option Offer</b>                      | the offer by R3D to acquire Tartana Options for the Option Offer Consideration  |
| <b>Option Offer Acceptance Form</b>      | the personalised acceptance and transfer form for Tartana Options enclosed with this Bidder's Statement which form part of the Option Offer   |
| <b>Option Offer Consideration</b>        | one R3D Option for each Tartana Option exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Option you hold (subject to rounding up of fractional entitlements)                                    |
| <b>Participant</b>                       | an entity admitted to participate in CHES under the ASX Settlement Rules  |
| <b>Public Authority</b>                  | any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity  |
| <b>Public Offer</b>                      | the offer by R3D Resources for 21,250,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$4,250,000 with attaching Options on a 1 for 5 basis, exercisable at \$0.40 within 5 years from the date of issue |

|                                   |  |
|-----------------------------------|--|
| <b>R3D</b>                        | R3D Resources Limited ACN 111 398 040  |
| <b>R3D AGM</b>                    | the Annual General Meeting of R3D held on 27 January 2021  |
| <b>R3D Directors</b>              | the board of directors of R3D  |
| <b>R3D Group</b>                  | R3D and each of its subsidiaries   |
| <b>R3D Material Adverse Event</b> | any change, event, effect, occurrence or state of facts that is, or would in the reasonable opinion of Tartana Directors be expected to be, material and adverse to the assets, liabilities (including contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, financial condition or prospects of R3D or any of its subsidiaries taken as a whole  |
| <b>R3D Offer Information Line</b> | the Offer information telephone assistance line which can be contacted during normal business hours in Sydney, New South Wales, on +61 2 9251 7177   |
| <b>R3D Option</b>                 | an unlisted Option exercisable at 40 cents within 5 years of the date of issue   |
| <b>R3D Share</b>                  | a fully paid ordinary share in the capital of R3D  |
| <b>R3D Shareholder</b>            | the holder or one or more R3D Shares   |
| <b>R3D Share Consolidation</b>    | A 1 for 4 consolidation of R3D Shares approved at the R3D AGM which will result in a change in the number of R3D shares from 47,147,058 to 11,786,765 when completed   |
| <b>Register Date</b>              | the date set by R3D under section 633(2) of the Corporations Act, being 5:00pm (Sydney time), 5 February 2021.   |
| <b>Regulatory Approval</b>        | <p>(a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with,</p> <ul style="list-style-type: none"> <li>i) a Government Agency, or</li> <li>ii) ASX, or</li> <li>iii) Tartana Shareholders, or</li> <li>iv) R3D Shareholders; or</li> </ul> <p>(b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:</p> <ul style="list-style-type: none"> <li>i) the expiry of any applicable period without intervention or action; or</li> <li>ii) the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.</li> </ul> |
| <b>Related Entity</b>             | in respect of a party, another entity which is:  |

|                                    |  |
|------------------------------------|--|
|                                    | <p>(a) related to the first entity within the meaning of section 50 of the Corporations Act; or</p> <p>(b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.</p>   |
| <b>Relevant Interest</b>           | the meaning given in sections 608 and 609 of the Corporations Act  |
| <b>Representative</b>              | <p>in relation to an entity:</p> <p>(a) any of the entity's related entities; and</p> <p>(b) any of the officers and advisers of the entity or of any of its related entities.</p>   |
| <b>Rights</b>                      | all accretions, rights or benefits of whatever kind attaching to or arising from Tartana Shares (as the context requires) directly or indirectly at or after the Announcement Date including, without limitation, all dividends, returns of capital and other distributions (whether in cash or in specie) and all rights to receive any dividends, returns of capital or other distributions (whether in cash or in specie), and all rights to receive or subscribe for shares, units, notes, bonds, options or other securities declared, paid or issued by Tartana or by any subsidiary of Tartana. |
| <b>Option Offer Consideration</b>  | one R3D Option for each Tartana Option exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Option you hold (subject to rounding up of fractional entitlements)   |
| <b>Share Offer Acceptance Form</b> | the personalised acceptance and transfer form for Tartana Shares enclosed with this Bidder's Statement which form part of the Share Offer  |
| <b>Share Offer Consideration</b>   | The Share Offer Consideration is one R3D Share with attaching R3D Options on a 1 for 5 basis, exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Share you hold (subject to rounding up of fractional entitlements)   |
| <b>Subsidiary</b>                  | the meaning given to the term in section 9 of the Corporations Act   |
| <b>Substantial Holder</b>          | a holder of 5% or more shares  |
| <b>Superior Proposal</b>           | <p>a Competing Proposal that, in the opinion of the Tartana Directors acting in good faith and on the basis of financial advice that supports the determination of the Tartana Directors:</p> <p>(a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and</p> <p>(b) is more favourable to Tartana Shareholders than the Offer, taking into account all terms and conditions of the Competing Proposal</p>  |
| <b>Sydney Time</b>                 | Australian Eastern Daylight Time or Australian Eastern Standard Time in effect at the relevant time  |

|                             |  |
|-----------------------------|--|
| <b>Target's Statement</b>   | the target's statement prepared and issued by Tartana pursuant to sections 633 and 638 of the Corporations Act in relation to the Offer  |
| <b>Tartana</b>              | Tartana Resources Limited ACN 126 905 726  |
| <b>Tartana Director</b>     | a director of Tartana  |
| <b>Tartana Group</b>        | Tartana and each of its subsidiaries   |
| <b>Tartana Option</b>       | an Option issued by Tartana  |
| <b>Tartana Optionholder</b> | the holder of one or more Tartana Options  |
| <b>Tartana Share</b>        | a fully paid ordinary share in the capital of Tartana  |
| <b>Tartana Shareholder</b>  | the holder of one or more Tartana Shares   |
| <b>Tax</b>                  | any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges    |
| <b>Trading Day</b>          | the meaning given in the Listing Rules   |
| <b>Your Tartana Options</b> | subject to section 13,<br><br>(a) the Tartana Shares of which you are registered or entitled to be registered as the holder in the register of members of Tartana at the Register Date; and<br><br>any other Tartana Shares to which you are able to give good title at the time you accept the Offer. |
| <b>Your Tartana Shares</b>  | subject to section 12,<br><br>(a) the Tartana Shares of which you are registered or entitled to be registered as the holder in the register of members of Tartana at the Register Date; and<br><br>any other Tartana Shares to which you are able to give good title at the time you accept the Offer. |

## 16.2 Interpretation

The following rules of **interpretation** apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Sydney time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical Form have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## CORPORATE DIRECTORY

|   |   |
|---|---|
| <p><b>Company</b></p> <p>R3D Resources Limited formerly<br/>R3D Global Limited<br/>ACN 111 398 040</p> <p><b>Current address</b></p> <p>Level 5 52 Phillip Street<br/>Sydney NSW 2000 Australia</p> <p><b>Proposed address at Completion</b></p> <p>169 Blues Point Road<br/>North Sydney NSW 2060 Australia</p> <p>e: admin@r3dresources.com.au<br/>w: r3dresources.com.au</p> <p><b>ASX Code: R3D</b></p> | <p><b>Directors</b></p> <p>Daniel Yeo Chin Tuan (Chairman)<br/>Dr Tiffany Tsao<br/>Mr Muljadi Irawan<br/>Mr Michael Thirnbeck</p> <p><b>Proposed Directors at Completion</b></p> <p>Dr Steve Bartrop (Executive Chairman)<br/>Bruce Hills<br/>Robert Waring<br/>Mr Michael Thirnbeck</p> <p><b>Company Secretary</b></p> <p>Henry Kinstlinger</p> <p><b>Proposed Joint Company Secretary at Completion</b></p> <p>Bruce Hills</p> |
| <p><b>Legal Advisers</b></p> <p>Piper Alderman<br/>Level 23, Governor Macquarie Tower<br/>1 Farrer Place<br/>Sydney NSW 2000</p>  | <p><b>Auditors*</b></p> <p>HLB Mann Judd<br/>65 Kembla Street<br/>Wollongong NSW 2500</p>   |
| <p><b>Share Registry*</b></p> <p>Computershare Investor Services Pty Limited<br/>(ABN 48 078 279 277) *</p> <p>The Registrar<br/>Computershare Investor Services Pty Limited<br/>Yarra Falls,<br/>452 Johnston Street<br/>Abbotsford VIC 3067 (Melbourne)</p> <p>p: +61 (3) 9415 4000 and 1300 850 505</p>  | <p><b>Investigating Accountant</b></p> <p>RSM Corporate Australia Pty Ltd<br/>Level 21, 55 Collins Street<br/>Melbourne VIC 3000</p>  |
| <p><b>Corporate Advisor</b></p> <p>MMR Corporate Services Pty Ltd<br/>Level 5, 52 Phillip Street<br/>Sydney NSW 2000</p> <p>p: +61 2 9251 7177<br/>w: mmrcorporate.com<br/>e: corporate@mmrcorporate.com</p>  |   |

**ANNEXURE A**

Material announcements relating to the Offer

4 February 2021

R3D Resources Commences Formal Takeover of Tartana Resources

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29 January 2021

R3D Business Update & Appendix 4C

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22 December 2020

Notice of Annual General Meeting/Proxy Form

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8 December 2020

Proposed Change of Activities



## **ANNEXURE B**

### **R3D's past announcements to ASX**

|                  |  |
|------------------|--|
| 4 February 2021  | R3D Resources Commences Formal Takeover of Tartana Resources |
| 29 January 2021  | R3D Business Update & Appendix 4C                            |
| 28 January 2021  | Presentation AGM 2020  |
| 27 January 2021  | Chairman's Address to Shareholders                           |
| 27 January 2021  | Results of Meeting   |
| 8 January 2021   | Change of CEO  |
| 22 December 2020 | Notice of Annual General Meeting/Proxy Form                  |
| 8 December 2020  | Proposed Change of Activities                                |
| 30 October 2020  | Appendix 4G  |
| 30 October 2020  | R3D Business Update & Appendix 4C                            |

This Target's Statement has been issued in response to the off-market conditional takeover bid made by R3D Resources Limited for all the ordinary shares and options in Tartana Resources Limited.



**The Directors of TARTANA RESOURCES LIMITED  
unanimously recommend that you**

# ACCEPT

**the R3D RESOURCES OFFER, in the  
absence of a superior proposal.**

**THIS IS AN IMPORTANT DOCUMENT  
WHICH REQUIRES YOUR IMMEDIATE  
ATTENTION.**

You should read this entire document. If you are in doubt as to what you should do, you should consult your investment, financial, taxation or other professional adviser.

**sparke**  
**HELMORE**  
LAWYERS

Legal Advisors

169 Blues Point Road, Sydney, NSW 2060  
Phone: 02 9392 8032

# Important Notices

## **Nature of this document**

This document is a Target's Statement issued by Tartana Resources Limited (ACN 126 905 726) (**Tartana**) dated 19 February 2021 under Part 6.5 Division 3 of the Corporations Act in response to the off market takeover bid made by R3D Resources Limited (ACN 111 398 040) (**R3D** or the **Bidder**) on 5 February 2021 for all the ordinary shares and options in Tartana. Further information relating to the Bidder's Offer can be obtained from the Bidder's Statement and Tartana's website at [tartanaresources.com.au](http://tartanaresources.com.au).

## **ASIC and ASX disclaimer**

A copy of this Target's Statement has been lodged with ASIC and given to the ASX. None of ASIC, the ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

## **Defined Terms and Interpretation**

Capitalised terms used in this Target's Statement are defined in section 12. Section 12 also sets out some rules of interpretation which apply to this Target's Statement.

## **No account of personal circumstances**

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice. The recommendations and other information contained in this Target's Statement should not be taken as personal, financial or taxation advice, as each Securityholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs. It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. Your Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept the Offer.

## **Disclaimer as to Forward Looking Statements**

Some of the statements appearing in this Target's Statement are forward looking statements. All statements other than statements of historical fact are forward looking statements and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Securityholders should note that those forward-looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of Tartana. Actual values or results, performance or achievements may differ materially from those expressed or implied by such statements. The risks, variables and other factors that may affect the forward looking statements include matters specific to the industry in which Tartana operates as well as economic and financial market conditions; legislative, fiscal or regulatory developments, commodity price fluctuations, input price fluctuations, currency fluctuations, actual demand, geotechnical factors, political conditions in various countries, approvals and cost estimates, operating results and risks associated with the business and operations of Tartana.

None of Tartana, its Subsidiaries or any of their respective officers and employees, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of

fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any such statement. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Tartana and its officers disclaim any obligation or undertaking to update or revise any forward-looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

### **Independent Expert's Report**

No independent expert's report accompanies this Target's Statement. Tartana is not required under the Corporations Act to commission an independent expert's report in connection with the Offer.

In deciding not to engage an independent expert to assess the merits of the Offer, the Directors considered a range of factors including:

- (a) the takeover is friendly and will effectively result in the reverse takeover of R3D with:
  - (i) Tartana Shareholders controlling more than 66% of the shares in R3D following R3D's proposed \$4.25 million capital raising at 20 cents per share plus one (1) option for every five (5) R3D Shares purchased pursuant to the Prospectus;
  - (ii) Tartana's management team assuming the same roles within R3D; and
  - (iii) Tartana's existing assets dominating R3D's assets in terms of value and potential;
- (b) the Offer Consideration, based on the price of R3D Shares offered to investors as part of the capital raising under the Prospectus, is similar to any expectations Tartana Securityholders may have had of an IPO;
- (c) the cost of obtaining an independent expert's report to assist in assessing the Offer was considered expensive and disproportionate having regard to the circumstances of the Offer and any benefits that the investors might derive from it; and
- (d) the combined skills and expertise of the Tartana Directors, including:
  - (i) Dr Bartrop's PhD in Mineral Economics and 30-year experience in mining and finance;
  - (ii) Mr Hills' 30-year experience in financial and risk matters; and
  - (iii) Mr Waring's 40-year experience in financial accounting and corporate governance, principally in the resources industry.

Given these factors, the Directors decided not to engage an independent expert to assist them in assessing the Offer and have recommended that Tartana Securityholders accept the Offer in the absence of a Superior Proposal for the reasons set out in Section 2.3 of the Target's Statement.

## **Risks**

Tartana Securityholders should note that there are risks attached to their investment in Tartana and in becoming securityholders of R3D. Those risks are detailed in sections 2.4, 2.5 and 2.6.

## **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Discrepancies between totals in tables and/or in calculations are due to rounding.

## **Information obtained from public sources**

The information in this Target's Statement about R3D has been compiled from, or is otherwise based on, information obtained from publicly available sources, including information in the Bidder's Statement, and has not been independently audited or verified by Tartana or its advisers. If the information obtained from public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. Accordingly, Tartana does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of any information in relation to the Bidder's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward-looking statements.

## **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

## **Information for New Zealand Holders**

R3D cannot make an offer of shares or options to investors in New Zealand without complying with the disclosure obligations under Part 3 of the Financial Markets Conduct Act 2013 of New Zealand (**FMC Act**), unless an applicable exemption notice applies or it is pursuant to exclusion(s) under Schedule 1 of the FMC Act that apply to all such investors in New Zealand.

Exclusion(s) under Schedule 1 of the FMC Act will apply in respect of New Zealand Holders who are:

- (a) wholesale investors within the meaning of clause 3(2) of Schedule 1 to the FMC Act, being a person who:
  - i. is an "investment business" as defined in clause 37 of Schedule 1 to the FMC Act;

- ii. meets the "investment activity criteria" specified in clause 38 of Schedule 1 to the FMC Act;
  - iii. is "large" as defined in clause 39 of Schedule 1 to the FMC Act;
  - iv. is a "government agency" as defined in clause 40 of Schedule 1 to the FMC Act; or
  - v. is an "eligible investor" as defined in clause 41 of Schedule 1 to the FMC Act, subject to provision of any certification required under the FMC Act; or
- (b) persons to whom the offer can be made that would not involve making a regulated offer for the purposes of the FMC Act or cause any contravention of the FMC Act, the Financial Markets Conduct Regulations 2014 of New Zealand, or any other New Zealand laws applicable to the offer, advertisement or distribution of securities.

This Target's Statement has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Target's Statement is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. This Target's Statement does not constitute and should not be construed as an offer, invitation, proposal or recommendation to apply for shares or options in R3D by persons in New Zealand who do not meet the above criteria.

#### **Information for Papua New Guinean Holders**

This Target's Statement has not been, and will not be, authorised by or registered with the Securities Commission of Papua New Guinea (**PNG**) pursuant to the Capital Market Act 2015 of the Independent State of PNG (**CMA**). No action has been taken in PNG to authorise this Target's Statement or to permit the distribution of this Target's Statement or any documents issued in connection with it.

R3D cannot offer its shares for subscription or purchase to the public in PNG, unless it is pursuant to an "excluded offer" under Part IV Division 3, as listed in Schedule 6 of the CMA. The Offer, being a takeover offer, is an excluded offer pursuant to Schedule 6 of the CMA and the R3D Shares resulting from the Offer may therefore be issued to Securityholders of Tartana with registered addresses in PNG at the Register Date.

No advertisement, invitation or document relating to the R3D Shares has been or will be issued in PNG or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of PNG (except if permitted to do so under the CMA and the regulations made under that Act) other than to Securityholders of Tartana with registered addresses in PNG at the Register Date indicated in the Bidder's Statement. The contents of this Target's Statement have not been reviewed by any PNG regulatory authority. Papua New Guinean Holders are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of the Offer, the Bidder's Statement and/or this Target Statement, you should obtain independent professional advice.

#### **Diagrams and charts**

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data

contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

### **Privacy**

Tartana has collected your information from the registers of Securityholders for the purpose of providing you with this Target's Statement. The type of information Tartana has collected about you includes your name, contact details and information on your Security holding (as applicable) in Tartana. Without this information, Tartana would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Securityholders to be held in a register. Your information may be disclosed on a confidential basis to external service providers (including the share registry of Tartana and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Tartana, please contact Tartana on +61 2 9392 8032.

### **JORC Qualifying Statements**

The information in this Target's Statement that relates to exploration information is based on information compiled by Dr Stephen Bartrop, Executive Chairman of Tartana, a full-time personnel of Tartana, and by reference to SRK's Independent Geologist's Report dated 1 February 2021 (a copy of which can found at <https://tartanaresources.com.au/project/independent-geologists-report-on-the-mineral-assets-of-tartana-resources-limited/>) which was compiled by Mr Christian Blaser – Principal Consultant, a full-time employee of SRK Consulting (Australasia) Pty Ltd.

Mr Blaser has sufficient experience which is relevant to the style of mineralisation and type of mineral deposits under consideration, and to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code and as a Specialist as defined in the 2015 Edition of the VALMIN Code. Mr Blaser and SRK have given their written consent to the inclusion in this Target's Statement of all statements referring to that report in the form and context in which they appear and have not withdrawn such consents before lodgment of this Target's Statement with ASIC.

Dr Stephen Bartrop has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC. Dr Bartrop has consented to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears and has not withdrawn such consent before lodgment of this Target's Statement with ASIC.



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## Key Dates

|  |                                     |
|--|-------------------------------------|
| Announcement Date                                  | 4 February 2021                     |
| Register Date                                      | 5 February 2021                     |
| Bidder's Statement lodged with ASIC and dated      | 5 February 2021                     |
| Offers open  | 19 February 2021                    |
| Defeating Conditions Notice                        | 15 March 2021                       |
| Offers Closing Date (unless extended or withdrawn) | 7:00 pm (Sydney Time) 22 March 2021 |

# 1 Chairman's Letter

Dear Securityholder

## TAKEOVER BID BY R3D RESOURCES LIMITED

On 3 December 2020, Tartana signed an Implementation Deed with R3D for Tartana to use R3D as a vehicle for a back-door listing on the ASX by way of a reverse takeover. On that basis, on 5 February 2021, R3D made an off-market takeover offer to acquire all of the Tartana Shares and Tartana Options by issuing a Bidder's Statement of Offer. This Target's Statement is now being sent to you in response to and in conjunction with the Bidder's Statement you will have received from R3D to acquire all of your Tartana Shares and/ or all of your Tartana Options under that Offer.

Under the Offer, subject to conditions precedent and other terms, Tartana Shareholders and Tartana Optionholders will receive:

- (a) *one (1) R3D Share per each Tartana Share held by a Tartana Shareholder;*
- (b) *one (1) R3D Option per each five (5) Tartana Shares held by a Tartana Shareholder;*
- (c) *one (1) R3D Option per each Tartana Option held by a Tartana Optionholder,*

*provided that*

- (a) *R3D completes a share consolidation (1 for 4);*
- (b) *There is a minimum of 90% acceptance of Tartana Shares on issue; and*

*subject to the condition subsequent that R3D be re-listed and the quotation of R3D Shares be resumed within 20 days after satisfaction of all Defeating Conditions. The Defeating Conditions are set out in full in section 10.7 of this Target's Statement.*

After careful consideration of the advantages and disadvantages of the Offer, the Tartana Directors unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal. The Tartana Directors intend to accept the Offer in full, in the absence of a Superior Proposal.

The principal reasons for your Directors' recommendation are as follows:

- (a) *R3D, by carrying out a capital raising with the aim to be re-listed on the ASX, will provide a source of funding for Tartana to advance its copper/gold focused projects;*
- (b) *the re-listing of R3D following the completion of the takeover and the capital raising, will provide liquidity for Tartana Shares;*
- (c) *the Consideration, based on the price of R3D Shares offered as part of the capital raising under the R3D Prospectus, is similar to the expectations Tartana Securityholders may have held under a normal IPO;*
- (d) *Tartana Shareholders will control more than 66% of the Merged Group;*

- (e) *Tartana's assets will dominate the assets of the Merged Group in terms of value and potential;*
- (f) *Tartana Directors and senior management will assume similar roles within the Merged Group; and*
- (g) *R3D has an existing supportive shareholder base which may assist in facilitating Tartana's growth strategy.*

We have had two unsuccessful IPOs due firstly to the structuring of the purchase agreement of the Zeehan zinc slag project, and more recently, from the impact of the COVID-19 pandemic in the first half of 2020. However, there is no doubt that the junior resources market has since recovered. While the Directors did consider another IPO, it also recognised that Tartana's growth plans in the copper/gold sector may attract a greater level of support through the Offer made by R3D to Tartana, and more widely to the public, by way of both the takeover and the R3D capital raising.

Tartana has a busy year ahead:

- In Queensland, our exploration and development portfolio has recently increased with the acquisitions of the Bellevue, Dry River and Dimbulah copper/gold projects, an exclusivity/option agreement over the Nightflower silver project and recent mining lease applications over the Mountain Maid and Cardross copper/gold projects. There are also our planned activities for the proposed restart for copper sulphate production on our Tartana mining leases while the new Bulimba project covering 1250 km<sup>2</sup> under our agreement with Newcrest Mining offers a high risk – high reward exploration play.
- In Tasmania, we have completed two 22,000 tonne trial shipments of the Zeehan low grade furnace slag/matte and have lodged the first of a two-stage permitting process to extract the remaining 400,000 tonnes from the stockpiles followed by a rehabilitation program.

As investors in the junior resources sector, you are aware that these projects require certainty of financing and your Directors believe that the R3D proposal, which includes the Offer for your Tartana Shares and Options and a \$4.25 million capital raising from the public, represents an attractive path to attaining this project funding without relying on existing Tartana Securityholders.

The Tartana Directors unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal. A detailed explanation of these reasons is contained in section 2.3 of this Target's Statement. The Directors' recommendation is based on the Offer as it currently stands but may be reconsidered should circumstances change. If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and on the Acceptance Form.

If you hold Tartana Convertible Notes, you should refer to the instructions in section 9.0 of this Target's Statement.

The Offer is scheduled to close at 7:00pm (Sydney Time) on 22 March 2021, unless extended by R3D. You should not assume that the Offer Period will be extended.

The Tartana Directors recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement you have received from R3D.

If you have any questions in relation to the Offer, I encourage you to seek independent advice from your investment, financial, tax or other professional adviser, or contact Tartana by calling +61 2 9392 8032.

I would also like to take this opportunity to thank you for your support of Tartana.

Yours sincerely,



Dr Stephen Bartrop  
**Executive Chairman**  
19 February 2021

## 2 Directors' Recommendations and Reasons

### 2.1 Directors of Tartana Resources Limited

At the date of this Target's Statement, the Directors of Tartana are Dr Stephen Bartrop, Executive Chairman, Mr Bruce Hills, Executive Director and Company Secretary, and Mr Robert Waring, Non-Executive Director.

Mr Waring is an independent director as he is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Tartana Directors and to act in the best interests of the entity as a whole rather than in the interests of an individual Securityholder or other party.

Further detail on the Directors is provided below. Directors hold Tartana Shares and Options as follows:

| <i>Director</i>    | <i>Tartana Shares</i> |                   | <i>Tartana Options</i> |                  |
|--------------------|-----------------------|-------------------|------------------------|------------------|
|                    | Direct                | Indirect          | Direct                 | Indirect         |
| Dr Stephen Bartrop | NIL                   | 7,128,873         | NIL                    | 5,000,000        |
| Mr Bruce Hills     | 2,532                 | 2,726,497         | NIL                    | 2,000,000        |
| Mr Robert Waring   | 10,000                | 1,961,000         | 500,000                | NIL              |
| <b>TOTAL</b>       | <b>12,535</b>         | <b>11,816,370</b> | <b>500,000</b>         | <b>7,000,000</b> |

Directors hold no Relevant Interest in securities of R3D and have no personal direct or indirect interests in any contracts in which R3D is a party.

They will become the Directors of R3D after the takeover is completed, together with a remaining Director of R3D, Mr Michael Thirnbeck, who holds 1,000,000 Tartana Shares.

The Tartana Directors and Mr Michael Thirnbeck intend to accept the Offer with respect to all the Tartana Shares and Tartana Options they hold.

### 2.2 Directors' recommendation

The Tartana Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you ACCEPT the Offer unless a Superior Proposal emerges.

The Tartana Directors further recommend that you accept the Offer promptly to ensure that your acceptance is received before the Closing Date of the Offer at 7:00 pm (Sydney Time) 22 March 2021 (unless extended). You should not assume that the Offer Period will be extended.

In making their decision the Directors advise that Securityholders should:

- (a) *read the Bidder's Statement and this Target's Statement in full;*
- (b) *consider the future prospects of Tartana and R3D as a Merged Group compared to the future prospects of Tartana as a separate entity;*
- (c) *have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and*
- (d) *obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Offer if needed.*

## 2.3 Reasons why the Directors recommend that you accept the Offer

The reasons for the recommendation of the Tartana Directors are as follows:

- (a) ***R3D will provide a source of funding for Tartana to advance its largely copper/gold project portfolio***

Tartana has aggregated a portfolio of copper/gold assets in the Chillagoe region, north Queensland. These assets have varying exploration maturities and require expenditure to advance the projects as well as to meet commitments under the conditions applicable to each Tenement and any agreements with their vendors. Tartana requires capital to meet the relevant expenditure to advance those projects.

The capital raising of \$4.25m proposed under R3D's Prospectus will finance Tartana's commitments on these projects and its Tasmania project over the next 24 months and help deliver Securityholder value through project advancement and potential exploration success.

- (b) ***A successful Offer will deliver listed securities to Tartana shareholders and corresponding liquidity***

R3D has applied for Official Quotation on the ASX on 11 February 2021. The success of the re-listing is contingent on a successful takeover of Tartana and a successful capital raising under the Prospectus. Upon satisfaction of both, Tartana Shareholders will hold listed securities and have options to access a further number of listed securities.

The re-admission of R3D to the ASX will therefore provide liquidity for Tartana Shareholders.

- (c) ***The terms of the Offer are similar to the terms offered to the public under the R3D Prospectus and to any previous IPO expectations***

Under the Prospectus, R3D is proposing to raise \$4.25 million through the issue to the public of R3D Shares with attaching R3D Options on a 1 for 5 basis. As a Tartana Shareholder, you will be receiving one R3D Share with attaching R3D Options, on a 1 for 5 basis, for every one Tartana Share you hold (subject to rounding up of fractional entitlements). R3D is also offering Tartana Optionholders new R3D Options on a 1 for 1 basis.

The Share Offer Consideration for the Tartana Shares is similar to Tartana's previous IPOs which sought to raise capital by offering the public Tartana Shares at 20 cents per share (absent any attaching options).

The R3D Options have a longer exercise period (5 years) while retaining the same 40 cent exercise price as the existing Tartana Options. Hence the R3D options are likely to be more valuable than the existing Tartana Options.

**(d) Tartana Shareholders will control more than 66% of the Merged Group and Tartana's assets will dominate the assets of the Merged Group in terms of value and potential to deliver further value**

If the Offer is successful, R3D is expected to have approximately 107 million shares on issue, of which 71 million will have been issued to Tartana Shareholders. This represents approximately 66% of the share capital of the Merged Group. The equity consideration to Tartana Shareholders reflects the relative value of each company and results in a reverse takeover. Accordingly, Tartana Shareholders will control a greater proportion of the Merged Group than the R3D Shareholders.

R3D is acquiring Tartana to provide Tartana's portfolio of exploration and development projects in North Queensland and the Tasmanian Zinc Project market exposure through a listed vehicle. These will be the main assets of R3D.

**(e) Tartana Directors and management will assume similar roles within R3D**

R3D's existing directors are proposing to resign except for non-executive director and geologist, Mr Michael Thirnbeck.

Tartana Directors comprising Dr Stephen Bartrop (Executive Chairman), Mr Bruce Hills (Executive Director – Finance) and non-executive Director Mr Robert Waring will join the R3D board immediately upon Completion, as they have been pre-approved at R3D's annual general meeting.

The resulting R3D board will have an appropriate balance with two executive directors and two non-executive directors and their skills cover technical, commercial and compliance disciplines.

**(f) R3D has an existing supportive shareholder base**

The existing board and shareholders of R3D support the acquisition of Tartana and have facilitated the various regulatory requirements for the takeover. In particular, the existing R3D Shareholders have shown interest in copper/gold development projects in Australia given both the attractive potential supply/demand fundamentals for copper considering the electric vehicle revolution as well as the low sovereign risk associated with Australian projects.

**(g) There are risks in not accepting the Offer**

If the Offer is unsuccessful and no other offer emerges, Tartana Securityholders will be exposed to the ongoing risks associated with an investment in Tartana, including the risks associated with Tartana's ongoing need to raise funds as an unlisted public company to finance the advancement of its projects.

If you do not accept the Offer and the Offer becomes unconditional, R3D



may be entitled to acquire your Tartana Shares and Tartana Options through compulsory acquisition pursuant to the Corporations Act (see section 10.5 and 10.6 of this Target's Statement).

**(h) No Superior Proposal has emerged**

As at the date of this Target's Statement, Tartana has not received a competing bid from any party intending to make a Superior Proposal and your Directors are not aware of any other offer or proposal which might be made as an alternative to the Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

## 2.4 Risks associated with accepting R3D's Offer

**(a) Defeating Conditions**

As described in section 14 of the Bidder's Statement and section 10.7 of this Target's Statement, the Offer is subject to a number of conditions.

If the Defeating Conditions are not satisfied by the applicable date (or waived by R3D or Tartana, as applicable), the Offer will not be free of conditions and therefore will not proceed.

**(b) Limited withdrawal rights**

You may only withdraw your acceptance if:

- (i) the Defeating Conditions are not fulfilled or waived by the times specified in the Bidder's Statement; or**
- (ii) R3D extends the Offer Period for more than one month and the Offer remains subject to one or more of the conditions at that time.**

Otherwise, you will be unable to withdraw your acceptance even if the value of R3D varies significantly from the date of your acceptance of the Offer.

**(c) If a Superior Proposal is announced you will not be able to withdraw your acceptance of the Offer**

If a Superior Proposal is announced, Tartana Shareholders and Tartana Optionholders who have accepted the Offer will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal.

At the date of this Target's Statement, the Tartana Directors are not aware of any Superior Proposal.

**(d) CGT**

If the Offer becomes unconditional, CGT rollover relief will not be available if R3D acquires less than 80% of the Tartana Shares under the Offer. A general overview of the tax implications of accepting the Offer for Australian resident Tartana Securityholders is set out in section 10 of the Bidder's Statement.

Tartana Securityholders should not rely on the taxation considerations set out in section 10 of the Bidder's Statement as being advice on their own affairs. Shareholders should consult with their own independent taxation

advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

**(e) Consideration**

R3D will offer one (1) R3D Share for each Tartana Share with one (1) attaching R3D Option for each five (5) Tartana Shares held and one (1) R3D Option for every Tartana Option held. On Completion of the Offer and re-listing of the Merged Group, the R3D Shares will be listed and their price will be subject to fluctuation. There are risks associated with investing in R3D. These risks are discussed in section 9 of the Bidder's Statement and also in sections 2.5 and 2.6 of this Target's Statement.

**(f) Liquidity affected by restrictions**

As a condition of readmitting R3D to the Official List, the ASX may classify certain R3D Shares as escrowed securities subject to restriction agreements with R3D. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period as determined by the ASX in accordance with Chapter 9 of the ASX Listing Rules and Appendix 9B.

Considering that Tartana holds classified assets as defined by the ASX Listing Rules (namely the Tartana Tenements), Tartana Shareholders will all be considered to be vendors of classified assets under Chapter 9 of the ASX Listing Rules, and may have some or all the Shares and/or Options issued to them by R3D restricted for a minimum of 12 months from issue (i.e. from completion of the takeover), unless R3D obtains the ASX Waiver. The ASX Waiver would result in the R3D Shares and/or R3D Options issued to Tartana Securityholders being treated not less favourably than if Tartana were undertaking a direct initial public offering under Chapter 1 of the ASX Rules.

Should the ASX not grant the ASX Waiver:

- some or all of the R3D Shares you obtain in consideration for your Tartana Shares may be restricted, thus affecting your capacity to sell them on-market or off-market and affecting the liquidity of the R3D Shares on-market; and
- the R3D Options you obtain in consideration for your Tartana Shares or for your Tartana Options may be restricted, thus affecting your capacity to sell the R3D Shares resulting from their exercise.

**(g) Tartana has not independently verified the R3D information**

Tartana has relied on publicly available information released by R3D which has not been independently verified by Tartana and has assumed that R3D has complied with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Any inaccuracy in this information could adversely affect the anticipated results of operations of the Merged Group.

**(h) Currently no market**

There is currently no market for R3D's Shares and this means that the price of R3D Shares are subject to uncertainty. There are no assurances that an active market will develop or continue after Completion or that

there will be a liquid market for R3D Shares.

The price at which R3D's Shares trade on the ASX after listing may be higher or lower than the Public Offer price of \$0.20 per R3D Share and could be subject to fluctuation in response to operating performance and results, as well as external factors over which the directors of the Merged Group will have no control.

## 2.5 Specific Risks Relating to R3D and the Merged Group

There are several specific risks associated with investing in R3D. The Tartana Directors consider that the risks below are the primary risks for consideration by Tartana Shareholders and Optionholders.

Section 9 of the Bidder's Statement also provided details on the risks associated with accepting the Offer and becoming a securityholder of R3D.

### **(a) Exploration and development**

A significant risk for R3D is that the proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high-risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Target's Statement, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially viable. Only a small percentage of individual exploration projects result in the discovery of viable economic resources and there are still substantial development and operational risks to overcome before a commercial mine can be established.

While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

The future viability and profitability of R3D, as an exploration and mining company, will be dependent on a number of factors including, but not limited to, the following:

- (i) risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, achieving predicted grades in exploration and mining, commissioning and operating plant and equipment, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management.
- (ii) volatility in commodity prices and exchange rates and, in particular, the price of copper, zinc and gold;
- (iii) risks associated with negative exploration results, including relinquishment (in whole or in part) of tenements, even though a viable mineral deposit may be present, but undiscovered;

- (iv) risks associated with obtaining grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term;
- (v) risks arising because of native title and aboriginal land rights which may affect R3D's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by R3D; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company;
- (vi) risks that exploration and mining may be adversely affected or hampered by industrial disputes;
- (vii) environmental management issues with which R3D may be required to comply from time to time and which may be adversely impacted by events including flooding, bushfire, etc.;
- (viii) the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- (ix) poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues; unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine infrastructure resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep;
- (x) risks associated with the cost of maintaining exploration and mining properties, which depends on R3D having access to sufficient development capital; Tartana is operating as an explorer and as such is reliant on capital; from time to time further capital may need to be raised and at such time market conditions may be adverse;
- (xi) risks associated with potential claims resulting from the age of tenements, historical ownership of tenements and historical environmental liabilities;
- (xii) risks associated with the calculation of royalties and other rights attached to tenements;
- (xiii) while R3D has had informal discussions with the owners of beneficiation plants in the region in Queensland to ascertain the existence and capacity of facilities, and opportunities for synergy, such as toll-treating or joint-ventures, R3D has not entered into any arrangements to access these facilities. Investors are cautioned that there is no certainty that a commercial arrangement with such facilities will eventuate; and
- (xiv) risks associated with the financial failure or default by a participant in any joint ventures or other contractual relationships to which R3D may become a party or external claims to R3D's mining leases and exploration tenements.

**(b) Re-quotations of Shares on ASX**

The acquisition of Tartana constitutes a significant change in the nature and scale of R3D's activities and R3D needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of the ASX.

There is a risk that R3D may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares would not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should R3D be suspended until such time as it does re-comply with the ASX Listing Rules.

The re-listing of R3D is a Condition of the Offer.

**(c) Ongoing Shareholder dilution**

In the future, R3D may elect to issue Shares or other securities. While R3D will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

**(d) Development and acquisition opportunities**

The success of the Merged Group partially depends upon R3D's ability to identify, secure and develop a portfolio of high-quality projects and strategic industry partnerships. R3D will actively pursue and assess other new business opportunities which may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits and/or direct equity participation or acquisition of a company or group of companies.

There is a risk that R3D will be unable to secure such opportunities on appropriate terms, thereby potentially limiting the growth of R3D.

The acquisition of projects (whether completed or not) may require the payment of monies (notably as a deposit and/or exclusivity) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on R3D.

If R3D acquires only a limited number of projects, poor performance by one or a few of these could significantly affect the performance of R3D and thereby significantly impact the returns to investors. The integration of new projects by R3D may also be more difficult, and involve greater costs, than anticipated.

**(e) Future capital requirements**

Exploration and development costs will reduce the cash reserves of R3D. R3D has limited operating revenue and is unlikely to generate any additional operating revenue unless and until the projects are successfully developed and production commences. The future capital requirements of

R3D will depend on many factors including its business development activities. R3D believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business development activities, exploration program and other objectives in the short term.

In order to successfully develop the projects and for production to commence R3D may be dependent on the need to secure further financing in the future, in addition to the amounts raised pursuant to the Public Offer if the estimates in the budget prove to be insufficient or unforeseen circumstances arise. R3D may then be seeking development capital through equity, debt or joint venture financing. Any additional equity financing may be dilutive to the Shares, may be undertaken at lower prices than the then-market price or may involve restrictive covenants which limit R3D's operations and business strategy. Debt financing, if available, may also involve restrictions on financing and operating activities.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to R3D or at all. If R3D is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities, and this could have a material adverse effect on R3D's activities including resulting in projects being subject to forfeiture. This could affect R3D's ability to continue as a going concern.

R3D may undertake additional offerings of Shares and/or securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of the issue of such additional Shares, the voting power of R3D's existing shareholders will be diluted.

**(f) Transaction risks**

R3D may divest itself of its non-core assets (being those related to R3D's operations in public relations as at the date of this Target's Statement). Should R3D determine to divest these assets, there is no guarantee that it will be able to do so, nor any guarantee that it will achieve a reasonable price or complete such transactions within a reasonable timeframe.

**(g) Liquidity risk**

Subject to R3D being readmitted to the Official List of the ASX, certain Shares on issue prior to the Public Offer are likely to be classified as restricted securities. To the extent that the Shares are classified as restricted securities, the liquidity of the market for Shares may be adversely affected. For more detail see section 2.4(f) of this Target's Statement.

**(h) Dependence on key personnel**

R3D's success depends to a significant extent upon its board, key management personnel and other management and technical personnel including those employed on a contractual basis. While the Tartana Directors have accepted roles on the board of R3D following Completion, their ongoing tenure is not guaranteed. The loss of directors and



management personnel skilled in managing, owning and developing projects similar to Tartana's projects could have an adverse effect upon R3D and its activities.

**(i) Other risks**

The current operations of Tartana and the future operations of the Merged Group, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) alterations to programs and budgets;
- (iii) unanticipated operational and technical difficulties encountered in geophysical survey, drilling and production activities;
- (iv) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and force majeure;
- (v) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (vi) unexpected shortages or increases in the costs of consumable, spare parts, plant and equipment;
- (vii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to access agreements entered into with native title claimants);
- (viii) influence of community consultation on the grant or renewal of a mining licence; and
- (ix) un-insured losses and liabilities.

**(j) Title risk**

Tartana, or its wholly owned Subsidiaries, are the registered legal owners of the Tartana Tenements at the date of this Target's Statement. Interests in all tenements in Australia are governed by the respective State and Territory legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, R3D could lose title to or its interest in the Tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

**(k) Operating risks**

The operations of the Merged Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of

consumables, spare parts, plant and equipment. No assurances can be given that the Merged Group will achieve commercial viability through the successful exploration and/or mining of its Tenement interests. Unless and until R3D is able to realise value from the Merged Group's projects, it is likely to incur ongoing operating losses.

**(l) Payment obligations**

Pursuant to the terms of the Tartana Tenements, the Merged Group will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Merged Group's interest in its projects.

**(m) Native Title and land access**

Tartana's activities in Australia are subject to the Native Title Act 1993 (Cth) and associated legislation relating to native title. Uncertainty with respect to native title may impact on the Merged Group's future plans with respect to certain projects.

**(n) Aboriginal Sites of Significance**

Commonwealth and State legislation obliges Tartana (and will oblige R3D following Completion) to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the Tenements. It is therefore possible that one or more sites of significance will exist in an area which R3D considers to be prospective. Tartana's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

**(o) Environmental risks**

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making R3D's operations more expensive. Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While Tartana is not currently aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

**(p) Litigation Risks**

While neither Tartana or R3D are currently engaged in any litigation, they remain exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety



claims and employee claims. Further, they may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may adversely impact on R3D's operations, financial performance and financial position.

**(q) Safety risks**

Safety is a fundamental risk for any exploration and development company in regard to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against R3D and its Subsidiaries and substantial losses to R3D due to injury or loss of life, damage to or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against R3D. Tartana has taken out insurance to assist in mitigating this risk.

## 2.6 Other general risks

**(a) COVID-19 pandemic and other public health risks**

The ongoing COVID-19 pandemic and any other possible future outbreaks of viruses may have a significant adverse effect on R3D. The spread of such diseases amongst the Merged Group's employees, contractors, suppliers and logistic networks, as well as any quarantine and isolation requirements, may reduce R3D's ability to operate and have detrimental financial implications.

More broadly R3D may be affected by the macroeconomic effects and ensuing financial volatility resulting from the pandemic and any other possible outbreaks. While the final effects of the COVID-19 pandemic or other possible disease outbreaks are difficult to assess, it is possible that it will have a substantial negative effect on the economies where the Merged Group operates and could have an adverse effect on R3D's financial position.

**(b) Share market conditions**

There are risks associated with any investment in a company listed on the ASX. Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (i) the general economic outlook;
- (ii) movements in, or outlook on, interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) volatility in commodity prices;
- (v) changes in investor sentiment towards particular market sectors; and
- (vi) the demand for, and supply of, capital.

Investors should recognise that once the R3D Shares are listed on ASX, the price of the R3D Shares may rise or fall. Many factors will affect the price of the R3D Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and

investor sentiment generally.

**(c) General economic factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and stock market processes. R3D's future possible revenues and the R3D Share price can be affected by these factors which are beyond the control of R3D and its directors.

**(d) Commodity prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Merged Group has an interest. Specifically, changes in the price of copper zinc and gold may have an effect on R3D.

**(e) Government policy and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant influence on R3D's, operations and ultimately the financial performance of R3D and the R3D Shares. Such changes are likely to be beyond the control of R3D and may affect industry profitability as well as R3D's capacity to explore and mine. In particular government policies and regulations vary in different States and with different governing parties in relation to exploration, mining and marketing. The Merged Group's activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title and occupational health and safety (amongst others). Changes in government, government policies and legislation could have a material adverse effect on R3D.

**(f) Taxation**

Accepting the Offer for Tartana Shares and Tartana Options will have tax consequences, which will differ depending on the individual financial status of each Securityholder. All Securityholders are urged to obtain independent financial advice about the consequences of accepting the Offer and acquiring R3D Shares and R3D Options from a taxation point of view and generally. To the maximum extent permitted by law Tartana, its directors, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of accepting the Offer.

**(g) Insurance risk**

The R3D's operations are insured in accordance with industry practice. However, in certain circumstances the R3D's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on R3D's operations, financial situation and results. Insurance against all risks associated with mining exploration and production is not always available and where available the cost may be prohibitive and unsustainable.

**(h) Force Majeure**

The Merged Group's projects now or in the future may be adversely

affected by risks outside the control of R3D including labour unrest, civil disorder, war subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

**(i) Other risks**

The future viability and profitability of R3D is also dependent on a number of other factors affecting the performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- (i) the strength of the equity and share markets in Australia and throughout the world;
- (ii) general economic conditions in Australia and its major trading partners and, in particular, inflation;
- (iii) rates, interest rates, commodity supply and demand factors and industrial disruptions;
- (iv) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which R3D is, or may become, a party;
- (v) insolvency or other managerial failure by any of the contractors used by R3D in its activities; and
- (vi) industrial disputes in Australia and overseas.

### 3 Frequently Asked Questions

This section answers some frequently asked questions about the Offer. It is not intended to address all relevant issues for Tartana Shareholders and Tartana Optionholders. This section should be read together with all other parts of this Target's Statement.

References in the Further Information column are to sections in this Target's Statement.

| Question                                 | Answer   | Further Information  |
|--|--|----------------------|
| What is the Bidder's Statement?          | <p>The Bidder's Statement is the document setting out the terms of the Offer. R3D lodged the Bidder's Statement with ASIC on 5 February 2021.</p> <p>R3D intends to send the Bidder's Statement to Tartana Securityholders on 19 February 2021.</p>  |                      |
| What is the Target's Statement?          | This Target's Statement has been prepared by Tartana and provides Tartana's response to the Offer, including the recommendation of your Directors.   |                      |
| Who is making the Offer?                 | The Offers are being made by R3D Resources Limited (previously named R3D Global Limited).  | Section 5            |
| What are R3D's Offers?                   | <p>R3D is offering to buy 100% of your Tartana Shares and 100% of your Tartana Options by way of an off-market takeover bid by issuing to you:</p> <ul style="list-style-type: none"> <li>• One (1) R3D Share with attaching R3D Options on a one (1) for five (5) basis, for every one (1) Tartana Share you hold; and</li> <li>• One (1) R3D Option, for every one (1) Tartana Option you hold.</li> </ul> | Sections 7, 8 and 10 |
| What if I have Tartana Convertible Notes | R3D is not offering to buy your Tartana Convertible Notes as part of the Offer. Please refer to section 9 for more detail  | Section 9            |

|   |  |                       |
|---|--|-----------------------|
|   | on what you can do.  |                       |
| Are there any conditions to the Offers?                               | In summary, the Offers are subject to a number of Defeating Conditions which must be met or waived prior to the Closing Date.  | Section 10.7          |
| What happens if the Defeating Conditions are not waived or satisfied? | If the Defeating Conditions to the Offers are not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offers will lapse, and you will retain your Tartana Shares and Tartana Options.   |                       |
| What are the Tartana Directors recommending?                          | <p>The Tartana Directors unanimously recommend that you ACCEPT the Offer, subject to there being no Superior Proposal.</p> <p>If there is any change to this recommendation the Tartana Directors will inform you.</p> <p>You are encouraged to read the Bidder's Statement and Target's Statement in full and to consider the Offer having regard to your personal circumstances. The Tartana Directors encourage you to seek your own independent financial and taxation advice prior to deciding whether to accept the Offer.</p> | Section 2             |
| What if I am Shareholder/Optionholder from Papua New Guinea?          | The Offer is an excluded offer under the local legislation, so you may participate in the Offer and become a shareholder and an optionholder of R3D.   | Sections 10.9 & 10.11 |
| What if I am Shareholder/Optionholder from New Zealand?               | Please refer to section 10.10 of this Target's Statement.  | Section 10.10         |
| What do the Directors intend to do with their Tartana Shares?         | Each Director who holds or controls Tartana Shares or Tartana Options intends to accept or procure the acceptance of the Offer in respect of the Tartana Shares or Tartana Options they own or control, in the absence of a Superior Proposal.   | Section 2             |

|  |  |                          |
|--|--|--------------------------|
| <p>Did Tartana engage an independent expert to evaluate the Offer</p>  | <p>Tartana is not required under the Corporations Act to commission an independent expert's report in connection with the Offer.</p> <p>In deciding not to engage an independent expert to assess the merits of the Offer, the Directors considered a range of factors including:</p> <p>(a) the takeover is friendly and will effectively result in the reverse takeover of R3D;</p> <p>(b) the Offer Consideration based on the price of R3D Shares proposed as part of the capital raising under the Prospectus is similar to any expectations Tartana Securityholders may have had of an IPO;</p> <p>(c) the cost of obtaining an independent expert's report to assist in assessing the Offer was considered expensive and disproportionate having regard to the circumstances of the Offer and any benefits that the investors might derive from it; and</p> <p>(d) the combined skills and expertise of the Directors of Tartana.</p> <p>Given these factors the Directors of Tartana decided not to engage an independent expert to assist them in assessing the Offer and have recommended that Tartana Securityholders accept the Offer in the absence of a Superior Proposal.</p> | <p>Important Notices</p> |
| <p>What does the Offer mean for Tartana's projects?</p>                | <p>The Offer, combined with the capital raising under the Prospectus, will provide funding to advance Tartana's projects.</p>  | <p>Section 2.3</p>       |
| <p>What will be the role of Tartana Directors in the Merged Group?</p> | <p>Each of the Tartana Directors will hold the following positions in the Merged Group:</p> <ul style="list-style-type: none"> <li>• Dr Bartrop will be the Executive</li> </ul>   | <p>Section 5.8</p>       |

|  |  |                         |
|--|--|-------------------------|
|  | <p>Chairman of R3D;</p> <ul style="list-style-type: none"> <li>• Mr Hills will be one of the two executive directors of R3D and the joint company secretary; and</li> <li>• Mr Waring will be one of the two non-executive directors of R3D.</li> </ul>  |                         |
| <p>What happens if I accept the Offers for my Tartana Shares and/or Tartana Options?</p> | <p>If you accept the Share Offer for all your Tartana Shares and/or or the Option Offer for your Tartana Options and the Defeating Conditions are satisfied or waived, R3D will acquire your Tartana Shares and Tartana Options. In return:</p> <ul style="list-style-type: none"> <li>• pursuant to the Share Offer you will receive one (1) R3D Share with attaching R3D Options on a one (1) for five (5) basis for every one (1) Tartana Share you hold; and/or</li> <li>• pursuant to the Option Offer you will receive one (1) R3D Option for every one (1) Tartana Option you hold. The R3D Options will have an exercise price of 40 cents and will expire five (5) years from the date of issue.</li> </ul> | <p>Sections 7 and 8</p> |
| <p>When will I receive the Offer Consideration?</p>                                      | <p>If you accept an Offer and the contract resulting from your acceptance becomes unconditional you will receive the relevant Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date the relevant Offer is validly accepted by you or, if the Offer is subject to Defeating Conditions when you accept the Offer, within one month after the takeover contract resulting from your acceptance of the Offer becomes unconditional; or</li> </ul>  |                         |

|   |   |                 |
|---|---|-----------------|
|   | <ul style="list-style-type: none"> <li>• 7 days after the end of the Offer Period,</li> </ul> <p>and in any event before readmission of R3D's shares to the Official List of the ASX.</p>   |                 |
| Do I have to pay stamp duty or brokerage charges if I accept either Offer?                          | There is no stamp duty or brokerage payable in relation the Offer.  |                 |
| What if I accept an Offer and R3D then increases the Offer Consideration with respect to the Offer? | You will receive the increased Offer Consideration even though you had already accepted the relevant Offer.   |                 |
| When do the Offers close?   | The Offer closes at 7:00 pm (Sydney Time) on 22 March 2021 unless extended under the Corporations Act. You will receive written notification of any extension.  | Section 7 and 8 |
| Can I accept an Offer in respect of part of my holding?   | No, you may only accept an Offer in respect of all your Tartana Shares and/or Options.  |                 |
| Are there any risks in accepting an Offer?  | There are a number of risks that may have a material impact upon the implementation of the Offers, the future performance of the Merged Group and the value of R3D Shares including Tartana's ability to get its projects into production and normal market risks.  | Section 2.4     |
| As a Tartana Shareholder or Tartana Optionholder what choices do I have?                            | <p>As a Tartana Shareholder or Optionholder you have the following choices in respect of your Tartana Shares and Tartana Options</p> <ul style="list-style-type: none"> <li>• Accept the Offer in whole;</li> <li>• Sell your Tartana Shares or in the case of Tartana Optionholders, exercise your Options and sell the resultant Tartana Shares to a purchaser you may identify, or</li> <li>• do nothing.</li> </ul> | Section 6.2     |



|  |   |  |
|--|---|--|
| <p>How do I accept an Offer?</p>                           | <p>To accept an Offer, you should follow the instructions set out in section 12 and 13 of the Bidder's Statement.</p>   | <p>Sections 12 and 13 of the Bidder's Statement.</p> |
| <p>Can I withdraw my acceptance?</p>                       | <p>Under the terms of the Offers you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p>   |  |
| <p>What happens if I do not accept the relevant Offer?</p> | <p>If you do not accept the relevant Offer, you will remain a Tartana Shareholder or Optionholder.</p> <p>If R3D acquires a Relevant Interest in 90% or more of Tartana Shares and the other Defeating Conditions are either satisfied or waived, and it is entitled to do so under the Corporations Act, R3D intends to proceed to compulsorily acquire your Tartana Shares and Tartana Options which R3D will be entitled to compulsorily acquire in accordance with the Corporations Act. In that case, you will not be paid the consideration for your Tartana Shares or Tartana Options until the end of the compulsory acquisition process.</p> | <p>Section 10.5</p>                                  |
| <p>Does Tartana expect a competing bid?</p>                | <p>The Tartana Directors unanimously recommends the Offer (in the absence of a Superior Proposal).</p> <p>It is not the Tartana Directors' role to speculate on the likelihood of a competing bid.</p> <p>If a competing bid emerges, the Tartana Directors will deal with it at the time and update Securityholders accordingly.</p>   |  |
| <p>When do I have to decide?</p>                           | <p>If you wish to accept the Offer you need to do so before its scheduled Closing Date. R3D has stated that its Offer is scheduled to close at 7:00pm (Sydney Time) 22 March 2021, unless it is extended.</p> <p>If you wish to reject the Offer, you do not need to do anything.</p>   | <p>Sections 7 and 8</p>                              |

|  |   |                     |
|--|---|---------------------|
| <p>What should I do if I did not receive or have misplaced my Acceptance Form?</p> | <p>If you have not received your Acceptance Form or have misplaced it, please call +61 2 9392 8032.</p>   |                     |
| <p>What are the tax implications of accepting the Offer?</p>                       | <p>A general outline of the tax implications of accepting the Offer is set out in section 10.8 the Target's Statement as well as section 10 of the Bidder's Statement.</p> <p>If the Offer becomes unconditional, CGT rollover relief will not be available if R3D acquires less than 80% of the Tartana Shares under the Offer.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the offer.</p> | <p>Section 10.8</p> |
| <p>Where do I go for further information?</p>                                      | <p>Contact Tartana at +61 2 9392 8032</p>   |                     |

## 4 Overview of Tartana

### 4.1 Background and Projects overview

Tartana was incorporated on 6 August 2007 as Riverside Energy Ltd (“Riverside”) and changed its name to Tartana Resources Limited on 21 March 2017 to focus on the exploration and potential development of copper, gold and zinc opportunities. It is a disclosing entity for the purpose of the Corporations Act and its disclosure platform is its website at [www.tartanaresources.com.au](http://www.tartanaresources.com.au).

Tartana has several projects in the Chillagoe region in north Queensland with varying exploration maturities as outlined below:

- (a) Tartana Copper and Zinc Project in north Queensland: Mining Leases ML 20489, ML 4819, ML 4820 and ML 5312 which includes the Tartana Copper Oxide Project, the Queen Grade Zinc Project and two copper sulphide projects which are the Deeper Copper Sulphide Project below the existing open pit as well as the nearby Valentino Copper-Gold-Silver-Cobalt Project. The Mining Leases contain heap leach pads and a solvent extraction-crystallisation plant which are being kept on care and maintenance and a partially rehabilitated open pit which yielded 1.2 million tonnes at 0.8% Cu oxide ore. Deeper copper sulphide mineralisation occurring below the open pit has only been partially explored.
- (b) The Bellevue and Dry River exploration projects (EPMs 27304 and 25970) which cover 25 km of the prospective Ok member stratigraphy containing at least 10 copper/gold prospects including the historic OK mines and nearby smelter site. Tartana has recently applied for excluded land within EPM 25970 including the Ok mine which has recorded small scale historical production of 80,000 tonnes at 9.2% Cu between 1901 to 1909.
- (c) The Dimbulah Porphyry Copper project (EPM 27089) covers a copper-mineralised, multi-phase porphyry intrusive identified from historical drill intersections, mapping and geophysics.
- (d) Mining Lease Applications ML 100271 and ML 100270 and EPM Application EPM 27735 covering the Mountain Maid and Cardross Projects copper/gold projects. These projects have been the subject of several drilling programmes by previous explorers with the results supporting further exploration. The Mountain Maid prospect was discovered by Cyprus Amax in the 1990s with its discovery hole reporting 275 m at 0.3g/t Au including 60 m @ 0.7 g/t at the top of the hole (note: intersection may not meet JORC 2012 standards, ref: Wilkins 1996). Axiom Mining implemented drilling programs which culminated in the ASX announcement of a JORC 2004 Compliant Inferred Gold Resource to a depth of 200 m on the 10th December 2010. However, under the JORC 2012 Code our Independent Geologist, SRK believes that this resource is best presented as an exploration target. It has estimated an exploration target to a maximum depth of only 50 m and which ranges from 947,580 tonnes grading 0.57 g/t Au for 17,367 oz to 5,960,063 tonnes grading 0.31 g/t Au for 59,408 oz (see <https://tartanaresources.com.au/project/independent-geologists-report-on-the-mineral-assets-of-tartana-resources-limited>). The Exploration Target is conceptual in nature due to a lack of recent exploration and not guaranteed to

become a mineral resource. At Cardross, small scale historical production is recorded at 18,300 tonnes yielding 2,000 tonnes of Cu, 68 kg Au and 2,700 kg Ag from the Chieftan mine.

- (e) An exclusivity/option agreement to purchase the Nightflower Silver Project (EPM application 27959). Axiom Mining reported to the ASX an initial JORC 2004 compliant inferred resource on the 26th September 2008 after a limited drilling programme testing one of the two geophysical anomalies. Under the JORC Code 2012 SRK considers the reported resource is best presented as part of an exploration target. SRK has estimated an exploration target which ranges from 215,500 tonnes grading 193.6 g/t Ag, 4.91% Pb, 2.2% Zn and 0.15% Cu to 592,000 tonnes grading 203 g/t Ag, 3.54 % Pb, 1.7% Zn and 0.12% Cu, and notes that there is excellent exploration potential (see <https://tartanaresources.com.au/project/independent-geologists-report-on-the-mineral-assets-of-tartana-resources-limited/>). It also notes that the potential quantity and grade of the material in any exploration target is conceptual; there has been insufficient exploration to estimate a Mineral Resource according to the guidelines of the JORC Code and it is uncertain if further exploration will result in the estimation of a mineral resource.
- (f) A sale and purchase agreement with Newcrest Mining Limited covering Newcrest's tenements north of Chillagoe and which form its 1250 km2 Bulimba project.

In addition, Tartana has two earlier stage small exploration properties:

- (a) Mount Hess Copper-Gold Project in central Queensland: EPM 18864 and EPM 1952 where historical exploration has identified zones up to 10 metres wide containing elevated copper and gold grades with strike lengths in excess of 200 metres; and
- (b) Amber Creek Molybdenum-Tin-Tungsten, north Queensland: EPM 18865 where previous exploration had been identified.

Outside of Queensland, Tartana has the Tasmanian Zinc Project at Zeehan which is a low-grade furnace slag/matter project which contains a JORC 2012 compliant Indicated Resource of 469,000 tonnes at 13.3% Zn, 1.7% Pb and 53 g/t Ag.

## 4.2 Granted Mining Tenements

The four tenements associated with Tartana's Queensland based project are long-dated Mining Leases (two renewable in 2025, one in 2031 and one in 2032).

The Zeehan Slag tenement in Tasmania is under a newly granted Mining Lease which is renewable early 2021. Tartana has already applied for an extension of this Mining Lease.

Bellevue and Dry River exploration projects (EPMs 27304 and 25970) and Dimbulah Porphyry Copper project (EPM 27089) are granted exploration permits.

The Mt Hess and Amber Creek Tenements are granted exploration permits renewable in 2022.

### 4.3 Tartana's capital structure

As at 5 February 2021, Tartana had the following classes of securities and number of securities in those classes:

| <b>Class of securities</b> | <b>Number of securities in the class</b> |
|----------------------------|--|
| Ordinary shares            | 70,998,698                               |
| Options                    | 13,500,000                               |
| Convertible Notes          | 3,750,000                                |

### 4.4 Market information about Tartana Shares

The last capital raising by Tartana in November and December 2020 was carried out at an issue price of 12.5 cents and resulted in the issue of 6,583,827 Shares.

### 4.5 Source of financial information

The information in section 4.6 and 0 is only a summary of Tartana's historical financial information. Full details of Tartana's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Tartana's annual financial report for the year ended 30 June 2020, copies of which can be found on the Tartana website at <https://tartanaresources.com.au/investor-centre/reports/> .

## 4.6 Summary Tartana Consolidated Income Statement

**Table 1:** Summary of Tartana Statutory Historical Income Statements

| Statutory Historical                   |       |                  |                    |                  |
|--|-------|------------------|--------------------|------------------|
| \$                                     |       |                  |                    |                  |
| Year ended 30 June                     | Notes | FY2018           | FY2019             | FY2020           |
| Revenue                                | 1     | 43,922           | 37,410             | 33,782           |
| Purchase Price Allocation              | 2     | 2,530,075        | -                  | -                |
| Administration Costs                   |       | (118,668)        | (72,122)           | (25,402)         |
| Consulting Fees                        | 3     | (367,053)        | (602,794)          | (422,785)        |
| Corporate Costs                        | 4     | (307,345)        | (277,356)          | (182,508)        |
| Depreciation and amortisation expenses |       | (17,253)         | (103,659)          | (134,214)        |
| Exploration Expenses                   |       | (98,202)         | (117,843)          | (85,749)         |
| Registration Fees                      |       | (1,200)          | (17,384)           | -                |
| Rent                                   |       | (9,000)          | (13,833)           | -                |
| Other expenses                         |       | (128,932)        | (166,957)          | (161,522)        |
| Share based payment                    |       | (61,600)         | (24,885)           | -                |
| <b>Profit/(loss) before income tax</b> |       | <b>1,464,744</b> | <b>(1,359,423)</b> | <b>(978,398)</b> |
| Income tax benefit                     |       | -                | -                  | -                |
| <b>Profit/(loss) for the period</b>    |       | <b>1,464,744</b> | <b>(1,359,423)</b> | <b>(978,398)</b> |

Notes:

1. Revenue relates to:
  - Sales revenue of \$44k, \$18k and \$16k for FY2018, FY2019 and FY2020, respectively
  - Interest income of \$16k for FY2019 and FY2020; and
  - Other sundry income of \$4k and \$2k for FY2019 and FY2020, respectively.
2. On 18 April 2018, Tartana acquired the assets and liabilities of the Tartana Copper-Zinc Project. As a result of the acquisition, in accordance with AASB 3 – Business Combinations, Tartana recorded a bargain purchase on acquisition of \$2,530,075.
3. Consulting fees relates to:
  - Fees incurred of \$209,615, \$272,500 and \$249,980 for FY2018, FY2019 and FY2020, respectively, with Troppo Resources Pty Ltd under a services contract for the services of Dr Stephen Bartrop as Executive Chairman of Tartana;
  - Fees incurred of \$64,500, \$153,105 and \$102,785 for FY2018, FY2019 and FY2020, respectively, with Bruce Hills Pty Ltd under a services contract for the services of Bruce Hills as Executive Director of Tartana;
  - Fees incurred of \$41,659 and \$37,714 for FY2019 and FY2020, respectively with Corporate Elements Pty Ltd under a services contract for the services of Peter Rohner as Executive Director of Tartana;
  - Fees incurred of \$ 70,938, \$74,953 and \$28,548 for FY2018, FY2019 and FY2020, respectively, under a services contract with Oakhill Hamilton Pty Ltd until 30 April 2019 and then with Warinco Pty Ltd for the services of Robert Waring as Company Secretary and then Non-Executive Director of Tartana; and
  - Fees incurred of \$54,000 in FY2019 for the services of Craig Nettelbeck as executive duties services.
4. Corporate costs include:
  - Costs related to the Prospectus issued in 24 June 2019 and withdrawn on 9 June 2020 of \$225,394, \$259,373 and \$53,613 in FY2018, FY2019 and FY2020, respectively.
  - Fees incurred of \$80,629, \$8,729 and \$46,040 for FY2018, FY 2019, FY2020, respectively, for the provision of company secretarial and in house legal counsel services.

## 4.7 Summary Tartana Cashflow Statement

**Table 2:** Summary of Statutory Historical Cash Flows

| Statutory Historical   |                    |                    |                  |
|--|--------------------|--------------------|------------------|
| \$   |                    |                    |                  |
| Year ended 30 June   | FY2018             | FY2019             | FY2020           |
| <b>Cash flows from operating activities</b>                    |                    |                    |                  |
| Interest received  | -                  | 15,613             | 15,603           |
| Receipts from operating activities                             | 48,287             | 23,977             | 19,541           |
| Payments to suppliers and employees                            | (441,900)          | (1,068,366)        | (501,056)        |
| Interest paid  | -                  | -                  | (16,796)         |
| <b>Net cash used in operating activities</b>                   | <b>(393,613)</b>   | <b>(1,028,776)</b> | <b>(482,708)</b> |
| <b>Cash flows from investing activities</b>                    |                    |                    |                  |
| Payments for deposits  | (586,400)          | (24,500)           | -                |
| Payments for exploration expenditure                           | (81,356)           | (297,346)          | (190,599)        |
| Refund from/(payment for) business combinations                | (765,925)          | 250,000            | -                |
| Purchase of plant and equipment                                | (4,125)            | (12,851)           | (89,827)         |
| <b>Net cash used in investing activities</b>                   | <b>(1,437,806)</b> | <b>(84,697)</b>    | <b>(280,426)</b> |
| <b>Total cash used from operating and investing activities</b> | <b>(1,831,419)</b> | <b>(1,113,473)</b> | <b>(763,134)</b> |

## 4.8 Summary Tartana Consolidated Balance Sheet

**Table 3:** Summary of Tartana Consolidated Balance Sheet

| \$                                   | Notes | Tartana Historical Consolidated Balance Sheet at 30 June 2020 |
|--------------------------------------|-------|---|
| <b>Current assets</b>                |       |   |
| Cash and cash equivalents            |       | 2,711   |
| Trade and other receivables          |       | 1,189   |
| Other current assets                 |       | 49,435  |
| Inventory                            |       | 176,000   |
| <b>Total current assets</b>          |       | <b>229,335</b>  |
| <b>Non-current assets</b>            |       |   |
| Intangible assets - Goodwill         | 1     | 1,984,619   |
| Plant and Equipment                  |       | 2,776,150   |
| Right-of-use asset                   |       | 95,328  |
| Exploration Expenditure              | 2     | 1,228,779   |
| Other                                |       | 586,400   |
| <b>Total non-current assets</b>      |       | <b>6,671,276</b>  |
| <b>Total assets</b>                  |       | <b>6,900,611</b>  |
| <b>Current liabilities</b>           |       |   |
| Trade and other payables             |       | (1,176,410)   |
| Other liabilities                    |       | (15,681)  |
| Borrowings                           | 3     | (281,644)   |
| Lease liability                      |       | (55,288)  |
| Loan from Director                   |       | (178,762)   |
| <b>Total current liabilities</b>     |       | <b>(1,707,785)</b>  |
| <b>Non-current liabilities</b>       |       |   |
| Lease liabilities                    |       | (46,015)  |
| Borrowings                           | 3     | (500,000)   |
| <b>Total non-current liabilities</b> |       | <b>(546,016)</b>  |
| <b>Total liabilities</b>             |       | <b>(2,253,800)</b>  |
| <b>Net assets</b>                    |       | <b>4,646,811</b>  |
| <b>Equity</b>                        |       |   |
| Issued capital                       |       | 8,186,013   |
| Accumulated losses                   |       | (3,625,687)   |
| Reserve                              |       | 86,485  |
| <b>Total equity</b>                  |       | <b>4,646,811</b>  |

### Notes

1. Represents goodwill of \$1,984,619 recognised by Tartana in accordance with AASB 3 – Business combinations upon acquisition of Intec Zeehan Residues Pty Ltd on 29 January 2018, and goodwill and other intangible assets of \$2,364,777 recognised in accordance with AASB 3 – Business Combinations following the reverse acquisition of R3D by Tartana.
2. Represents cumulative exploration and development expenditure capitalised by Tartana. The recoverability of the exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
3. On 18 December 2019 Tartana authorized the issue of up to a maximum of 7.5 million unsecured Convertible Notes of \$0.20 each under a Convertible Note Deed, dated 18 December 2019 to raise funding up to \$1,500,000. As at 30 June 2020, a total of \$750,000 notes had been issued. The Convertible Notes pay interest at 12% per annum (paid quarterly) and have an 18-month term from the date of the deed.



## 4.9 Information on directors & management

### **Directors**

#### **Dr Stephen Bartrop** *Executive Chairman*

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

Dr Bartrop's professional experience spans more than 30 years covering periods in both the mining industry and financial sector. With a geology background, Dr Bartrop 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, Dr Bartrop 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.

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

Dr Bartrop will be the Executive Chairman of R3D.

#### **Mr Bruce Hills** *Executive Director and Company Secretary*

Education: BCom, CA (NZ)

Mr Hills is an accountant and is currently an Executive Director of Breakaway Investment Group Pty Limited which operates the Breakaway Private Equity Emerging Resources Fund. Mr Hills is a Director of a number of unlisted companies in the mining and financial services sectors including The Risk Board and Stibium Australia. Mr Hills 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 Hills will be one of the two executive directors of R3D and the joint company secretary.

#### **Mr Robert Waring** *Non-Executive Director*

Education: B Econ

Memberships: CA, FCIS, FFin, FAICD, MAusIMM

Mr 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 public companies listed on ASX. Mr Waring has specialist skills in the preparation of company prospectuses, due diligence work and financial assessment of projects and companies. He has a keen interest in the equity markets. Mr Waring is a founding Executive Director of Oakhill Hamilton Pty Ltd.

Mr Waring will be one of the two non-executive directors of R3D.

#### 4.10 Tartana Directors' interest in Tartana Shares and Tartana Options

As at 5 February 2021, the Tartana Directors had the following Relevant Interests in Tartana Shares and Tartana Options:

| Director           | Tartana Shares |                  | Tartana Options |                  |
|--------------------|----------------|------------------|-----------------|------------------|
|                    | Direct         | Indirect         | Direct          | Indirect         |
| Dr Stephen BARTROP | NIL            | 5,772,894        | NIL             | 5,000,000        |
| Mr Bruce HILLS     | 2,532          | 2,235,265        | NIL             | 2,000,000        |
| Mr Robert WARING   | 10,000         | 1,589,024        | 500,000         | NIL              |
| <b>TOTAL</b>       | <b>12,532</b>  | <b>9,597,183</b> | <b>500,000</b>  | <b>7,000,000</b> |

#### 4.11 Tartana Directors' interests in R3D Shares and R3D Options

As at 5 February 2021, the Tartana Directors had no Relevant Interests in any R3D Shares or R3D Options.

#### 4.12 Substantial Shareholders

As at 5 February 2021, the Shareholders who hold more than 5% of the issued capital of Tartana are:

|                                       |        |
|---------------------------------------|--------|
| SciDev Ltd (ASX:SDV)                  | 19.14% |
| The entities controlled by Dr Bartrop | 10.04% |

## 5 Overview of R3D

### 5.1 Sources of information

R3D is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to ASX continuous reporting and disclosure obligations.

Copies of documents lodged with ASIC in relation to R3D may be obtained from, or inspected at, an ASIC office.

R3D will provide a copy of R3D's Annual Financial Statements for the year ended 30 June 2020 free of charge to any Tartana Securityholder who requests a copy during the Offer Period.

### 5.2 Introduction

R3D Global was incorporated in 2004 and was listed on the ASX in December 2004. Its principal operations are Public and Investor Relations in South East Asia.

### 5.3 Relevant Interests and voting power in Tartana

At the date of this Target's Statement, R3D does not have a Relevant Interest in Tartana Shares and it does not hold any shares in the issued capital of Tartana. Because R3D has Relevant Interests in Tartana Shares representing nil%, R3D has nil% voting power in Tartana.

### 5.4 R3D's background

R3D has one subsidiary company, R3D Singapore Pte Ltd.

It has previously changed its name from Verticon Group Limited to VGP Corporation Limited (22 March 2013) and to Redchip International Limited (21 December 2015) and to R3D Global Limited (28 November 2016).

R3D's current principal operations are Public and Investor Relations in South East Asia.

As stated in sections 3.2 and 3.4 of the Bidder's Statement, as a result of interest in R3D's business being dramatically curtailed with the advent of the Covid-19 pandemic, R3D's directors determined that it is in the best interests of R3D that it diversifies its operations through the acquisition of Tartana, providing an alternate business opportunity to benefit its shareholders.

Exploration for minerals will be the primary focus of R3D, subject to other future investment and business opportunities that may be identified by the board.

### 5.5 Information on R3D's current directors & management

#### **Directors**

**Mr Daniel Yeo Chin Tuan** *Non-Executive Director, Chairman*

Appointed 31 August 2017, Chair of the Remuneration and Nomination Committee appointed 28 March 2017.

Mr Yeo has over 25 years' experience in senior executive roles in a wide range of corporate and commercial roles. Previously, he served as the CEO of Man Financial (S) Pte Ltd (now known as MF Global Singapore). He also served as a Vice President of Red Co Singapore and pioneered the Singapore futures and options market, building a distinguished track record, servicing high net worth clients in foreign exchange and bullion trading. Mr Yeo has served as an independent director of Top Global Limited since 2010. He previously served as

a Director of ING Futures & Options (S) Pte Ltd, and as an Executive Director of UOB International Treasury.

Mr Yeo will retire at completion of the Merger.

**Dr Tiffany Tsao** *Non-Executive Director*

Member of the Remuneration and Nomination Committee appointed 28 March 2017.

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

Dr Tsao will retire at completion of the Merger.

**Mr Muljadi Irawan** *Non-Executive Director,*

Member of the Remuneration and Nomination Committee appointed 9 July 2018.

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

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

Mr Irawan will retire at completion of the Merger.

**Mr Michael Thirnbeck** *Non-Executive Director,*

Member of the Audit and Risk Committee appointed 23 December 2013.

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 University of Queensland.

Mr Thirnbeck will remain as a non-executive director of R3D at completion of the Merger.

## 5.6 R3D Directors' interests in Tartana Shares and Tartana Options

As at 5 February 2021, the R3D directors had no Relevant Interests in Tartana Shares or Tartana Options other than:

| <i>Name of Director</i> | <i>Number of Tartana Shares</i> | <i>Number of Tartana Options</i> |
|-------------------------|---------------------------------|----------------------------------|
| Michael Thirnbeck       | 1,000,000                       | Nil                              |

## 5.7 R3D's upcoming Public Offering

As a condition to the takeover R3D is undertaking a Public Offer with the intention to invite investors to apply for 21,250,000 R3D shares at an issue price of \$0.20 per share to raise a minimum of \$4,250,000 with attaching R3D Options on a 1 to 5 basis at \$0.40 exercisable within 5 years from the date of issue. The minimum subscription before the Public Offer proceeds is 21,250,000.

All shares that R3D issues in accordance with the Public Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the shares already on issue.

If the minimum subscription for the Public Offer is not achieved within four months after the date the prospectus for the Public Offer is released, all applications for shares will be dealt with in accordance the Corporations Act. The Prospectus is available on R3D's website at [www.r3dresources.com.au](http://www.r3dresources.com.au).

## 5.8 Merged Group proposed directors and management

In addition to Dr Stephen Bartrop, Mr Bruce Hills and Mr Robert Waring being appointed to the Board of R3D upon completion of the Merger and Mr Michael Thirnbeck remaining of the Board of R3D, the following appointment is intended:

### **Mr Wayne (Tom) Saunders** *Proposed Technical Exploration Manager*

Mr Saunders has 40 years' experience in the mining and exploration industries in Australia and Asia Pacific rising to Chief Geologist of a public company before becoming a consultant. He also spent 12 years in DNRME Mining Tenure Unit rising to Director.

Mr Saunders has a number of significant discoveries under his belt, as well as a reputation for progressing projects through from exploration to feasibility and then development and mining phases. Tom has put the discovery drill holes into multiple deposits in Queensland including the King Vol zinc deposit, Beaverbrook, Monte Video and the Tartana Heap Leach copper oxide.

Mr Saunders is a member of the AusIMM and is a competent person in terms of the JORC Code 2012 in relation to multiple commodities from exploration targets through to measured resources

He will continue to provide professional services in matters of exploration.

## 5.9 Merged Group pro forma Income Statement

**Table 4.1:** Summary of Pro Forma Historical Income Statements

| <b>Pro Forma Historical</b>            |              |                    |                    |                    |
|--|--------------|--------------------|--------------------|--------------------|
| <b>\$</b>                              |              |                    |                    |                    |
| <b>Year ended 30 June</b>              | <b>Notes</b> | <b>FY2018</b>      | <b>FY2019</b>      | <b>FY2020</b>      |
| Revenue                                | 1            | 43,922             | 37,410             | 33,782             |
| Administration Costs                   |              | (118,668)          | (72,122)           | (25,402)           |
| Consulting Fees                        | 2            | (367,053)          | (602,794)          | (422,785)          |
| Corporate Costs                        | 3            | (302,951)          | (238,983)          | (349,895)          |
| Depreciation and amortisation expenses |              | (17,253)           | (103,659)          | (134,214)          |
| Exploration Expenses                   |              | (98,202)           | (117,843)          | (85,749)           |
| Registration Fees                      |              | (1,200)            | (17,384)           | -                  |
| Rent                                   |              | (9,000)            | (13,833)           | -                  |
| Other expenses                         |              | (128,932)          | (166,957)          | (161,522)          |
| Share based payment                    |              | (61,600)           | (24,885)           | -                  |
| <b>Profit/(loss) before income tax</b> |              | <b>(1,060,937)</b> | <b>(1,321,050)</b> | <b>(1,145,785)</b> |
| Income tax benefit                     |              | -                  | -                  | -                  |
| <b>Profit/(loss) for the period</b>    |              | <b>(1,060,937)</b> | <b>(1,321,050)</b> | <b>(1,145,785)</b> |

**Notes:**

1. Revenue relates to:

- Sales revenue of \$44k, \$18k and \$16k for FY2018, FY2019 and FY2020, respectively
- Interest income of \$16k for FY2019 and FY2020; and
- Other sundry income of \$4k and \$2k for FY2019 and FY2020, respectively.

2. Consulting fees include the following:

- Fees incurred of \$209,615, \$272,500 and \$249,980 for FY2018, FY2019 and FY2020, respectively, with Troppo Resources Pty Ltd under a services contract for the services of Dr Stephen Bartrop as Executive Chairman of Tartana;
- Fees incurred of \$64,500, \$153,105 and \$102,785 for FY2018, FY2019 and FY2020, respectively, with Bruce Hills Pty Ltd under a services contract for the services of Bruce Hills as Executive Director of Tartana;
- Fees incurred of \$41,659 and \$37,714 for FY2019 and FY2020, respectively, with Corporate Elements Pty Ltd under a services contract for the services of Peter Rohner as Executive Director of Tartana;
- Fees incurred of \$70,938, \$74,953 and \$28,548 for FY2018, FY2019 and FY2020, respectively, under a services contract with Oakhill Hamilton Pty Ltd until 30 April 2019 and then with Warinco Pty Ltd for the services of Robert Waring as Company Secretary and then Non-Executive Director of Tartana; and
- Fees incurred of \$54,000 in FY2019 for the services of Craig Nettelbeck as executive duties services.

3. Corporate costs include:

- Fees incurred of \$80,629, \$8,729 and \$46,040 for FY2018, FY2019, FY2020, respectively, for the provision of company secretarial and in house legal counsel services; and
- Incremental ASX listed public company costs – adjustment made to include R3D's estimate of incremental annual costs that Tartana' will incur as a listed Company. These incremental costs include annual listing costs, share registry costs, director fees and additional legal, audit and tax compliance costs.

### **Pro forma adjustments to the Statutory Historical Income Statement**

Table 4.2 sets out the pro forma adjustments that have been made to the Statutory Historical Income Statement.

**Table 4.2:** Pro forma adjustments to the Statutory Historical Income Statement

| \$<br>Year ended 30 June                      | Notes | FY2018             | FY2019             | FY2020             |
|---|-------|--------------------|--------------------|--------------------|
| <b>Statutory profit/(loss) for the period</b> |       | <b>1,464,744</b>   | <b>(1,359,423)</b> | <b>(978,398)</b>   |
| Purchase Price Allocation                     | 1     | (2,530,075)        | -                  | -                  |
| IPO Listing costs                             | 2     | 225,394            | 259,373            | 53,613             |
| Listed public company costs                   | 3     | (221,000)          | (221,000)          | (221,000)          |
| Tax impact of Pro Forma adjustments           | 4     | -                  | -                  | -                  |
| <b>Pro Forma profit/(loss) for the period</b> |       | <b>(1,060,937)</b> | <b>(1,321,050)</b> | <b>(1,145,785)</b> |

**Notes:**

- On 18 April 2018, Tartana Resources acquired the assets and liabilities of the Tartana Copper-Zinc Project. As a result of the acquisition, in accordance with AASB 3 – Business Combinations, Tartana Resources recorded a bargain purchase on acquisition of \$2,530,075. This income does not relate to the ongoing operations of Tartana Resources and the pro-forma adjustments represents the removal of this income.
- Tartana incurred costs related to the Prospectus issued in 24 June 2019 and withdrawn on 9 June 2020 of \$225,394, \$259,373 and \$53,613 in FY2018, FY2019 and FY2020 respectively. These expenses do not relate to the ongoing operations of Tartana Resources and the pro-forma adjustments represents the removal of these expenses income.
- Incremental ASX listed public company costs – adjustment made to include R3D Resources' estimate of incremental annual costs that Tartana Resources' will incur as a listed Company. These incremental costs include annual listing costs, share registry costs, director fees and additional legal, audit and tax compliance costs.
- There is no tax impact on pro-forma adjustments due to unrecognised tax losses.

## 5.10 Merged Group pro forma Cash-flow Statement

**Table 5.1:** Summary of Pro Forma Historical Cash Flows

| Pro Forma Historical   |       |                    |                    |                  |
|--|-------|--------------------|--------------------|------------------|
| \$<br>Year ended 30 June                                       | Notes | FY2018             | FY2019             | FY2020           |
| <b>Cash flows from operating activities</b>                    |       |                    |                    |                  |
| Interest received  |       | -                  | 15,613             | 15,603           |
| Receipts from operating activities                             |       | 48,287             | 23,977             | 19,541           |
| Payments to suppliers and employees                            |       | (437,506)          | (1,029,993)        | (668,443)        |
| Interest paid  |       | -                  | -                  | (16,796)         |
| <b>Net cash used in operating activities</b>                   |       | <b>(389,219)</b>   | <b>(990,403)</b>   | <b>(650,095)</b> |
| <b>Cash flows from investing activities</b>                    |       |                    |                    |                  |
| Payments for deposits  | 1     | (586,400)          | (24,500)           | -                |
| Payments for exploration expenditure                           |       | (81,356)           | (297,346)          | (190,599)        |
| Payment for business combinations                              | 2     | (765,925)          | 250,000            | -                |
| Purchase of plant and equipment                                |       | (4,125)            | (12,851)           | (89,827)         |
| <b>Net cash used in investing activities</b>                   |       | <b>(1,437,806)</b> | <b>(84,697)</b>    | <b>(280,426)</b> |
| <b>Total cash used from operating and investing activities</b> |       | <b>(1,827,025)</b> | <b>(1,075,100)</b> | <b>(930,521)</b> |

**Notes:**

1. Term Deposit held against an environmental guarantee provided by the Commonwealth Bank for the Company's obligation under its environmental permit for Tartana Copper assets in Queensland.
2. Cash paid of \$515,925 in FY2018 for the acquisition of the Tartana Copper Zinc Project; cash paid of \$250,000 in FY2018 for the acquisition of Intec Zeehan Residues Pty Ltd and cash received of \$250,000 in FY2019 being a refund of the cash paid on the acquisition of Intec Zeehan Residues Pty Ltd following a Variation Deed dated 27 February 2019 to the Share Sale Agreement that resulted in the cancellation of the cash payments and replacement by the issue of ordinary shares.

### **Pro forma adjustments to the Statutory Historical Cash Flows**

Table 5. sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows to reflect the post-tax cash impact of the pro forma earnings adjustments. These adjustments are summarised and explained in the table below.

**Table 5.2:** Pro forma adjustments to the Statutory Historical Cash Flows

| \$<br>Year ended 30 June   | Notes | FY2018             | FY2019             | FY2020           |
|--|-------|--------------------|--------------------|------------------|
| Statutory total cash used from operating and investing activities        |       | (1,831,419)        | (1,113,473)        | (763,134)        |
| IPO Listing costs  | 1     | 225,394            | 259,373            | 53,613           |
| Listed public company costs  | 2     | (221,000)          | (221,000)          | (221,000)        |
| Tax impact of Pro Forma adjustments                                      | 3     | -                  | -                  | -                |
| <b>Pro forma total cash used from operating and investing activities</b> |       | <b>(1,827,025)</b> | <b>(1,075,100)</b> | <b>(930,521)</b> |

**Notes:**

1. Tartana incurred costs related to the Prospectus issued in 24 June 2019 and withdrawn on 9 June 2020 of \$225,394, \$259,373 and \$53,613 in FY2018, FY2019 and FY2020 respectively. These expenses do not relate to the ongoing operations of Tartana Resources and the pro-forma adjustments represents the removal of these expenses income.
2. Incremental ASX listed public company costs – adjustment made to include R3D Resources' estimate of incremental annual costs that Tartana Resources' will incur as a listed Company. These incremental costs include annual listing costs, share registry costs, director fees and additional legal, audit and tax compliance costs.
3. There is no tax impact on pro-forma adjustments due to unrecognised tax losses.



## 5.11 Merged Group pro forma Historical Statement of Financial Position

**Table 6:** Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2020

| \$                             | Notes | R3D Historical Consolidated Balance Sheet at 30 June 2020 | Tartana Historical Consolidated Balance Sheet at 30 June 2020 | Reverse acquisition accounting adjustments <sup>1</sup> | Other Pro Forma Adjustments <sup>2</sup> | Impact of the Capital Raise <sup>3</sup> | Pro Forma Historical Consolidated Balance Sheet at 30 June 2020 |
|--------------------------------|-------|---|---|---|--|--|---|
| <b>Current assets</b>          |       |   |   |   |  |  |   |
|                                |       | 131,825   | 2,711   | -   | 1,325,228                                | 3,725,000                                | 5,184,764   |
|                                |       | 71,622  | 1,189   | -   | -  | -  | 72,811  |
|                                |       | -   | 49,435  | -   | -  | -  | 49,435  |
|                                |       | -   | 176,000   | -   | -  | -  | 176,000   |
|                                |       | <b>203,447</b>  | <b>229,335</b>  | <b>-</b>  | <b>1,325,228</b>                         | <b>3,725,000</b>                         | <b>5,483,010</b>  |
| <b>Non-current assets</b>      |       |   |   |   |  |  |   |
|                                | 4     | -   | 1,984,619   | 2,364,777   | -  | -  | 4,349,396   |
|                                |       | 3,285   | 2,776,150   | -   | -  | -  | 2,779,435   |
|                                |       | 114,418   | 95,328  | -   | -  | -  | 209,746   |
|                                | 5     | -   | 1,228,779   | -   | 500,000                                  | -  | 1,728,779   |
|                                |       | 7,370   | -   | -   | -  | -  | 7,370   |
|                                |       | 19,708  | 586,400   | -   | -  | -  | 606,108   |
|                                |       | <b>144,781</b>  | <b>6,671,276</b>  | <b>2,364,777</b>  | <b>500,000</b>                           | <b>-</b>                                 | <b>9,680,834</b>  |
|                                |       | <b>348,228</b>  | <b>6,900,611</b>  | <b>2,364,777</b>  | <b>1,825,228</b>                         | <b>3,725,000</b>                         | <b>15,163,844</b>   |
| <b>Current liabilities</b>     |       |   |   |   |  |  |   |
|                                |       | (192,804)   | (1,176,410)   | -   | -  | -  | (1,369,214)   |
|                                |       | -   | (15,681)  | -   | -  | -  | (15,681)  |
|                                | 6     | (8,208)   | (281,644)   | -   | (250,000)                                | -  | (539,852)   |
|                                |       | (39,177)  | -   | -   | -  | -  | (39,177)  |
|                                |       | (80,420)  | (55,288)  | -   | -  | -  | (135,708)   |
|                                |       | -   | (178,762)   | -   | -  | -  | (178,762)   |
|                                |       | <b>(320,609)</b>  | <b>(1,707,785)</b>  | <b>-</b>  | <b>(250,000)</b>                         | <b>-</b>                                 | <b>(2,278,394)</b>  |
| <b>Non-current liabilities</b> |       |   |   |   |  |  |   |
|                                |       | (35,043)  | (46,015)  | -   | -  | -  | (81,058)  |
|                                | 6     | -   | (500,000)   | -   | -  | -  | (500,000)   |
|                                |       | <b>(35,043)</b>   | <b>(546,015)</b>  | <b>-</b>  | <b>-</b>                                 | <b>-</b>                                 | <b>(581,058)</b>  |
|                                |       | <b>(355,652)</b>  | <b>(2,253,800)</b>  | <b>-</b>  | <b>(250,000)</b>                         | <b>-</b>                                 | <b>(2,859,452)</b>  |
|                                |       | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,364,777</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>12,304,392</b>   |
| <b>Equity</b>                  |       |   |   |   |  |  |   |
|                                |       | 62,062,337  | 8,186,013   | (59,704,984)  | 1,575,228                                | 4,479,000                                | 16,597,594  |
|                                |       | (62,069,461)  | (3,625,687)   | 62,069,461  | -  | (878,000)                                | (4,503,687)   |
|                                |       | (300)   | 86,485  | 300   | -  | 124,000                                  | 210,485   |
|                                |       | <b>(7,424)</b>  | <b>4,646,811</b>  | <b>2,364,777</b>  | <b>1,575,228</b>                         | <b>3,725,000</b>                         | <b>12,304,392</b>   |

### Notes:

- The proposed acquisition by R3D (the legal parent) of Tartana (the legal subsidiary) is deemed to be a reverse acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Tartana have effectively acquired R3D. As a result of the reverse acquisition, Tartana is considered to be the accounting acquirer and R3D is considered to be the accounting acquiree. Therefore, this Financial Information has been prepared as a continuation of the financial statements of Tartana.
- Represents the following material transactions undertaken by Tartana and R3D subsequent to 30 June 2020:

#### *Tartana*

- On 30 July 2020, Tartana undertook a private placement of 2 million ordinary shares, raising \$250,000.
- On 31 July 2020, Tartana issued 4 million ordinary shares as consideration of all the issued capital of Mother Lode Pty Ltd to acquire two resource projects, the Bellevue Copper-Gold Project and the Dimbulah Copper Porphyry Project.
- On 7 December 2020, Tartana finalised a private placement raising \$825,228 through the issue of 6,601,827 ordinary shares.

*R3D*

R3D as borrower has entered into a loan agreement with Yaputri Pte Ltd (**Yaputri**) as the lender which has subsequently been amended. The loan is for \$A250,000 and is unsecured. The loan will be advanced in one instalment with any further funds provided at the discretion of Yaputri with the loan to be drawn in full prior to 1 March 2021 (or such later date as is agreed). The loan bears interest at 10% pa. The loan together with interest therein is required to be paid on the earlier of 25 months from the date of reinstatement of securities of R3D to the Official List of the ASX; the issue of Convertible Notes by R3D in substitution of the loan agreement on terms agreed by the parties; or receipt by R3D of funds in the amount of not less than A\$1,000,000 raised through the issue of fully paid ordinary shares occurring following reinstatement of R3D's securities to the Official List of the ASX.

3. Represents:
  - Proposed capital raising of \$4,250,000;
  - cash settled capital raising and recompliance costs of \$525,000; and
  - equity settled transaction costs of \$720,000 settled through the issue of R3D shares and options.
4. Represents goodwill of \$1,984,619 recognised by Tartana in accordance with AASB 3 – Business combinations upon acquisition of Intec Zeehan Residues Pty Ltd on 29 January 2018, and goodwill and other intangible assets of \$2,364,777 recognised in accordance with AASB 3 – Business Combinations following the reverse acquisition of R3D by Tartana.
5. Represents cumulative exploration and development expenditure capitalised by Tartana. The recoverability of the exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
6. On 18 December 2019 Tartana authorized the issue of up to a maximum of 7.5 million unsecured Convertible Notes of \$0.20 each under a Convertible Note Deed, dated 18 December 2019 to raise funding up to \$1,500,000. As at 30 June 2020, a total of \$750,000 notes had been issued. The Convertible Notes pay interest at 12% per annum (paid quarterly) and have an 18-month term from the date of the deed.

## 6 Important Matters for Tartana Shareholders/ Optionholders to Consider

### 6.1 The Offer

On 5 February 2021, R3D made an off-market takeover offer to acquire all of the Tartana Shares and Options.

There is no separate offer for Convertible Notes. If you wish to participate in the Offer, you need to convert your Convertible Notes into Tartana Shares. Further details are provided in section 9 below.

A summary of the key features of the Offer is contained in sections 6, 7 and 8 of this Target's Statement.

### 6.2 Your choices as a Tartana Shareholder/Optionholder

As a Tartana Shareholder/Optionholder you have three choices currently available to you:

#### **ACCEPT THE OFFER**

Tartana Shareholders/Optionholders may elect to accept the Offer in respect of their Tartana Shares or Tartana Options. Tartana Shareholders will receive one (1) R3D Share with attaching R3D Options on a one (1) to five (5) basis, exercisable at \$0.40 within five (5) years from the date of issue for every one (1) Tartana Share they hold and for which a valid acceptance has been received. Tartana Optionholders will receive one (1) R3D Option for every one (1) Tartana Option they hold and for which a valid acceptance has been received.

To accept the Offer, follow the instructions on the Acceptance Form which accompanies the Bidder's Statement.

#### **SELL YOUR TARTANA SHARES**

Tartana Shareholders may elect to identify a purchaser which may have interest in acquiring some or all of their Tartana Shares if they have not already accepted the Offer in respect of those Tartana Shares. However, presently, there is no market for Tartana Shares. Tartana Shares are not quoted on a financial market and are an illiquid investment.

If you do elect to sell you Tartana Shares:

- (a) *you will receive payment based on the price at which you privately negotiate with a third party and will not be able to accept the Offer or any Superior Proposal that may emerge; and*
- (b) *depending on the sale price achieved, you may receive more or less for your Tartana Shares than the value of the Share Offer Consideration or Option Offer Consideration.*

The taxation implications of privately selling your Tartana Shares depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of privately selling your Tartana Shares relative to accepting the Offer.

In the case of Tartana Optionholders you may exercise your Options and accept the Share Offer in respect of the resultant Tartana Shares or sell your Tartana Shares as described above.

### **DO NOTHING**

Tartana Shareholders and Tartana Optionholders who do not wish to accept the Offer or sell their Tartana Shares or Tartana Options can do nothing.

Tartana Shareholders and Optionholders should note that if R3D acquires a Relevant Interest in at least 90% of the Tartana Shares during or at the end of the Offer Period, R3D has indicated that it intends to compulsorily acquire the Tartana Shares in which it has not acquired a Relevant Interest. In that situation, you may be paid for your Tartana Shares later than Tartana Shareholders/Optionholders who accept the Offer.

## **6.3 Risks of remaining a Tartana Shareholder and/or Optionholder**

There are risks which are specific to Tartana, and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Tartana and the value of Tartana Shares. Those risks (and other risks) will continue to be relevant to Tartana Shareholders and Optionholders who reject the Offer and retain their current investment in Tartana. These risks will also continue to be relevant to all Tartana Shareholders and Optionholders if the Offer is withdrawn in accordance with the Corporations Act. While some of these risks can be mitigated, some are outside the control of Tartana and the Tartana Directors and cannot be mitigated.

Factors specific to Tartana, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of Tartana and its Subsidiaries. These events may be beyond the control of the Tartana Directors or management of Tartana. Tartana identifies and actively manages its material risks as part of its risk management governance framework and internal control systems.

Prior to deciding whether to do nothing, sell your Tartana Shares or accept the Offer in the present circumstances, you should carefully consider this section 6 as well as other information contained in this Target's Statement. Before making a decision in relation to the Offer, you should also carefully consider the Bidder's Statement.

There are risks in remaining a Securityholder of Tartana. Many of the risks associated with remaining a Securityholder of Tartana are the same as the risks associated with being a securityholder in R3D as the Merged Group. These include the risks outlined in Section 2.5(a) Exploration and Development, 2.5(d) Development and Acquisition Risks, Section 2.5(e) Future Capital Requirements, section 2.5(f) Transaction Risks, 2.5(g) Liquidity Risks, 2.5(h) Dependant on Key Personnel, 2.5(i) Other Risks, 2.5(j) Title Risks, 2.5(k) Operating Risks, 2.5(l) Payment Obligations, 2.5(m) Native Title and Land Access, 2.5(n) Aboriginal Sites of Significance, 2.5(o) Environmental Risks, 2.5(p) Litigation Risks and 2.5(q) Safety Risks. These risks are also detailed in section 9 of the Bidder's Statement.

## 6.4 Not exhaustive

The above list of risk factors is not an exhaustive list of the risks relevant to Tartana, its performance and the value of Tartana Shares. These risks (and others not specifically referred to above) may materially affect the financial performance of Tartana and the value of Tartana Shares. In particular, additional risks and uncertainties not currently known may also have an adverse effect on Tartana's business and the value of Tartana Shares.

# 7 Key features of the Share Offer

## 7.1 The Share Offer

On 8 December 2020, Tartana and R3D announced that they had entered into the Implementation Deed under which R3D agreed to make an off-market takeover offer for all of the Tartana Shares. This was confirmed by R3D's announcement on 4 February 2021 followed by the Bidder's Statement issued on 5 February 2021.

You should have recently received the Bidder's Statement from R3D, containing the full terms and Defeating Conditions, together with other information material to your decision whether or not to accept the Offer.

You will receive the Share Offer Consideration and/or the Option Offer Consideration if you accept the Offer and all of the Defeating Conditions are satisfied or waived.

The Share Offer Consideration is one R3D Share with attaching R3D Options on a 1 to 5 basis, exercisable at \$0.40 within 5 years from the date of issue for every one Tartana Share you hold (subject to rounding up of fractional elements).

R3D Shares to be issued under the Offer will rank equally in all respects with existing R3D Shares on issue at the Register Date.

There is no separate offer for Convertible Noteholders. If you wish to participate in the Share Offer, you need to convert your Convertible Notes into Tartana Shares. Further detail is stated in section 9 below.

## 7.2 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 19 February 2021 and ending at 7:00pm Sydney Time) on the later of:

- (a) 22 March 2021; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.

## 8 Key features of the Option Offer

### 8.1 The Option Offer

On 8 December 2020, Tartana and R3D announced that they had entered into the Implementation Deed under which R3D agreed to make an off-market takeover offer for all of the Tartana Options. This was confirmed by R3D's announcement on 4 February 2021 followed by the Bidder's Statement issued on 5 February 2021.

You should have recently received the Bidder's Statement from R3D, containing the full terms and conditions of the Option Offer, together with other information material to your decision whether or not to accept the Option Offer.

You will receive the Option Offer Consideration if you accept the Option Offer and all of the Defeating Conditions are satisfied or waived.

The Option Offer Consideration is one R3D Option for every Tartana Option you hold.

### 8.2 Option Offer Period

The Option Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Option Offer, being 19 February 2021 and ending at 7:00pm Sydney Time) on the later of:

- (a) 22 March 2021; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.

## 9 Convertible Notes

### 9.1 Terms of Convertible Notes

Tartana has 3,750,000 convertible notes on issue pursuant to the terms of a Convertible Note Deed dated 18 December 2019 (**Convertible Notes**). The Convertible Notes:

- (a) *are direct, unsecured and unsubordinated debt obligations ranking equally and without any preference amongst themselves;*
- (b) *bear interest at 12% of face value, payable quarterly;*
- (c) *have a term of 18 months from the date of the deed, i.e. 18 June 2021; and*
- (d) *the number of Tartana Shares to which a Convertible Noteholder will be entitled on conversion of each Convertible Note will be equal to the principal (excluding any fees and interest) divided by \$0.20.*

### 9.2 Tartana's Intentions

In accordance with the Convertible Note Deed where Tartana or the Tartana mining leases in Queensland are subject to a takeover offer and the takeover offer is recommended by the Tartana Directors, then Tartana can redeem all outstanding Convertible Notes with Convertible Noteholders having the option to either convert to Tartana Shares at the conversion rate or to nominate to receive the total outstanding moneys (principal, interest and fees) that would have been due to the expiry of the Convertible Note.

As the Tartana Directors are recommending the Offer, they will redeem all of the Convertible Notes upon the opening of the Offer. As a Convertible Noteholder you have the choice between the following options:

- (a) *redeem your Convertible Notes for the total cash amount outstanding on your Convertible Notes; or*
- (b) *redeem your Convertible Notes for Tartana Shares and participate in the Share Offer on the same terms and conditions as set out in section 7 of this Target's Statement.*

The terms of the redemption are in accordance with the Convertible Note Deed. You should contact Tartana on +61 2 9392 8032 to confirm your election.

If you elect to receive Tartana Shares for your Convertible Notes then you will be entitled to participate in the Share Offer. You should read this Target's Statement and the Bidder's Statement in full and if in doubt seek your own specific professional advice.

### 9.3 No formal offer under the takeover bid

R3D has not made a formal offer under the takeover bid to acquire Convertible Notes. However, Convertible Noteholders will, in the circumstances set out in section 9.1, have the choice to convert their Convertible Notes into Tartana Shares in accordance with the Convertible Note Deed.



## 10 General features of the Offer

### 10.1 Unanimous recommendation

The Tartana Directors unanimously recommend that Tartana Shareholders and Optionholders accept the Offer in the absence of a Superior Proposal.

### 10.2 Directors' intentions in relation to the Offer

Each of the Tartana Directors who holds a Relevant Interest in Tartana Shares have indicated their intention to accept, or procure the acceptance of, the Offer in respect of the Tartana Shares and the Tartana Options that they, or their Associates, own or control or otherwise have a Relevant Interest in, subject to there being no Superior Proposal.

### 10.3 R3D intentions

See section 7 of the Bidder's Statement for a summary of R3D's intentions following completion of the Offer.

### 10.4 Extension of the Offer Period

Pursuant to the Corporations Act, R3D may announce an extension to the Offer Period, or an increase in the Share Offer Consideration or Option Offer Consideration, at any time up until five trading days before the end of the Offer Period.

An extension to the Offer Period may only be announced during those last five trading days of the Offer Period in limited circumstances prescribed by the Corporations Act, in particular if another person makes an offer under a takeover bid for Tartana Shares.

In addition, if the events set out in section 624(2) of the Corporations Act occur within the last seven days of the Offer Period, the Offer Period will be automatically extended so that it ends 14 days after that event.

### 10.5 Compulsory Acquisition

R3D will be entitled, under section 661A of the Corporations Act, to compulsorily acquire any Tartana Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period, R3D (together with its Associates) has a Relevant Interest in at least 90% (by number) of the Tartana Shares and R3D and its Associates have acquired at least 75% (by number) of the Tartana Shares that R3D offered to acquire under the Offer (whether the acquisitions happened under the bid or otherwise).

If these thresholds are met, R3D will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Tartana Shareholders and Tartana Optionholders who have not accepted the Offer. Tartana Shareholders and Optionholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Tartana Shareholders and Tartana Optionholders to establish to the satisfaction of a Court that the consideration offered does not represent "fair value" for their



Tartana Shares and Tartana Options.

If a compulsory acquisition occurs, Tartana Shareholders and Tartana Optionholders who have their Tartana Shares or Tartana Options compulsorily acquired will be paid their Consideration later than the Tartana Shareholders and Tartana Optionholders who accept the Offer.

## 10.6 General Compulsory Acquisition provisions

R3D will be entitled, under section 664A of the Corporations Act, to compulsorily acquire any outstanding Tartana Shares, Options or Convertible Notes if R3D's voting power in Tartana is at least 90% and R3D (either in its own right or through related bodies corporate) acquires full beneficial interests in at least 90% (by value) of the aggregate of all Tartana Shares and Tartana Options and:

- (a) R3D lodges a compulsory acquisition notice with ASIC within six months of achieving that 90% holding;
- (b) R3D proposes a cash sum for the compulsory acquisition of the Tartana Shares, Options and Convertible Notes; and
- (c) R3D obtains the report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value of the securities covered.

## 10.7 Offer Conditions

The Offer is subject to a number of Defeating Conditions which are listed below. If the Defeating Conditions to the Offers are not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offers will lapse and you will retain your Tartana Shares and Tartana Options.

**(a) *Minimum acceptance condition***

Before the end of the Offer Period, R3D and its Associates have Relevant Interests in at least 90% (by number) of all Tartana Shares and Tartana Options.

**(b) *Regulatory Approval***

Before the end of the Offer Period, R3D has obtained any Regulatory Approval required in respect of its intended ownership of Tartana and its operation of the business of Tartana.

**(c) *No restraint adversely affecting the Offer***

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Offer or the transactions contemplated by the Offer is in effect at the close of the Offer Period.

**(d) *R3D Shareholders meeting***

R3D Shareholders have approved each of the Essential Resolutions (listed below) that were put to members at the R3D AGM held on 27 January 2021:

- (i) Resolution 3 to 5 – Resolutions to appoint Tartana Directors to the R3D board;

- (ii) Resolution 6 – A resolution for the consolidation of the Shares. If passed this resolution will consolidate Shares and any other securities on the basis of a ratio of four to one;
- (iii) Resolution 7 – A Resolution to change the name of the company to R3D Resources Limited;
- (iv) Resolution 8 – A resolution to approve a change in nature and scale of activities of R3D for the purposes of Chapter 11 of the ASX Listing Rules;
- (v) Resolution 9 – A resolution to approve the issue of R3D Shares in connection with the Acquisition for the purposes of ASX Listing Rule 7.1;
- (vi) Resolution 10 – A resolution to approve the issue of securities under the Capital Raising for the purposes of ASX Listing Rule 7.1;
- (vii) Resolution 11 and 12 – Resolutions to approve the issue of securities to advisers and brokers

**(e) ASX Approvals**

- (i) The ASX approving the reinstatement of R3D to official quotation; and
- (ii) The ASX granting a waiver in relation to the application of Chapter 9 of the ASX Rules resulting in the securities of Tartana security holders being treated not less favourably than if Tartana were undertaking a direct initial public offering under Chapter 1 of the ASX Rules.

**(f) Public Offer**

R3D successfully completing a Public Offer to raise \$4.25 million.

**(g) No Tartana Prescribed Occurrence**

As per Bidder's Statement section 14.6, between the Announcement Date and the end of the Offer Period (each inclusive), no Tartana Prescribed Occurrence occurs without the prior written approval of R3D.

Note that this is not applicable to Tartana.

**(h) No Tartana Material Adverse Change**

As per Bidder's Statement section 14.6, between the Announcement Date and the end of the Offer Period (each inclusive), no Tartana Material Adverse Change occurs.

Note that this is not applicable to Tartana.

**(i) Representations**

Between the Announcement Date and the end of the Offer Period (each inclusive), no circumstance or event occur which would make any of the following statements, if those statements had been made on the Announcement Date, untrue or incorrect in any material respect:

- (i) subject to the issue of any Tartana Shares on exercise of Tartana Options the issued share capital of Tartana comprises 70,998,698 Tartana Shares;

- (ii) other than 3,750,000 Tartana Convertible Notes, there are no securities of Tartana convertible into Tartana Shares other than 13,500,000 Tartana Options, each Tartana Option entitling the holder to subscribe for one Tartana Share on the terms and conditions applicable to the Tartana Option;
- (iii) other than the Tartana Options referred to in section 10.7(ii) above, there are no options over Tartana Shares or other entitlements to have Tartana Shares issued; and
- (iv) Tartana is not involved in any negotiations with a party other than R3D relating to or concerning a Superior Proposal.

**(j) Nature of conditions**

Each of the Defeating Conditions set out in each paragraph and subparagraph of section 10.7 will:

- (i) be construed as a separate, several and distinct condition;
- (ii) be a condition subsequent; and
- (iii) until the expiration of the Offer will be for the benefit of R3D alone and may be relied upon only by R3D.

**(k) Conditions apply to multiple events**

- (i) Where an event occurs that would have the effect, at the time the event occurs, that a Defeating Condition to which the Offer or the contract resulting from an acceptance of the Offer is then subject would not be fulfilled, each Defeating Condition affected by that event becomes two separate Defeating Conditions on identical terms except that:
  - (A) one of them relates solely to that event;
  - (B) the other specifically excludes that event; and
  - (C) R3D may declare the Offer free from either of those Defeating Conditions without declaring it free from the other and may do so at different times.
- (ii) This clause 10.7 may apply any number of times to a particular Defeating Condition (including a Defeating Condition arising from a previous operation of this clause).

- (l) Some conditions stated in the Implementation Deed are not material to this Offer, have been satisfied or waived and accordingly are not detailed in this Target's Statement.

## 10.8 Taxation consequences

In deciding whether to accept the Offer, Tartana Shareholders should also have regard to the fact that the disposal of Tartana Shares may have taxation consequences. Tartana Shareholders should carefully read and consider the potential Australian taxation consequences of accepting the Offer as set out in section 10 of the Bidder's Statement.

If as a result of the Offer, R3D acquires at least 80% of the Tartana Shares CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to Tartana qualifying Shareholders who would otherwise realise a capital gain from the disposal of Tartana Shares pursuant to the Share Offer.

If as a result of the Share Offer, R3D acquires at least 80% of the Tartana Shares, CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to Tartana qualifying Optionholders who would otherwise realise a capital gain from the disposal of Tartana Options pursuant to the Option Offer.

## 10.9 Foreign Securityholders

- (a) If you are Foreign Securityholder, you should be aware that in jurisdictions outside Australia, this Offer may be restricted by law, and you should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Offer does not constitute the Offer in any place in which, or to persons to whom, it would not be lawful to make the Offer.
- (b) If a Foreign Securityholder accepts the Offer the acceptance will be dealt with in accordance with section 12.9 of the Bidder's Statement.
- (c) However, if you reside in New Zealand or Papua-New Guinea, paragraphs (b) to (d) of section 12.9 of the Bidder's Statement do not apply to you and you should instead refer to sections 10.10 and 10.11 of this Target's Statement.

## 10.10 New Zealand Holders

R3D cannot make an offer of shares or options to investors in New Zealand without complying with the disclosure obligations under Part 3 of the Financial Markets Conduct Act 2013 of New Zealand (FMC Act), unless an applicable exemption notice applies or it is pursuant to exclusion(s) under Schedule 1 of the FMC Act that apply to all such investors in New Zealand.

Exclusion(s) under Schedule 1 of the FMC Act will apply in respect of those New Zealand Holders who are:

- (a) *wholesale investors within the meaning of clause 3(2) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (FMC Act), being a person who:*
  - (i) is an "investment business" as defined in clause 37 of Schedule 1 to the FMC Act;
  - (ii) meets the "investment activity criteria" specified in clause 38 of Schedule 1 to the FMC Act;
  - (iii) is "large" as defined in clause 39 of Schedule 1 to the FMC Act; or
  - (iv) is a "government agency" as defined in clause 40 of Schedule 1 to the FMC Act; or
  - (v) is an "eligible investor" as defined in clause 41 of Schedule 1 to the FMC Act, subject to provision of any certification required under the FMC Act; or

- (b) *persons to whom the offer can be made that would not involve making a regulated offer for the purposes of the FMC Act or cause any contravention of the FMC Act, the Financial Markets Conduct Regulations 2014 of New Zealand, or any other New Zealand laws applicable to the offer, advertisement or distribution of securities.*

This Target's Statement has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Target's Statement is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. This Target's Statement does not constitute and should not be construed as an offer, invitation, proposal or recommendation to apply for shares or options in R3D by persons in New Zealand who do not meet the above criteria.

## 10.11 Papua New Guinean Holders

This Target's Statement has not been, and will not be, authorised by or registered with the Securities Commission of Papua New Guinea (PNG) pursuant to the Capital Market Act 2015 of the Independent State of PNG (CMA). No action has been taken in PNG to authorise this Target's Statement or to permit the distribution of this Target's Statement or any documents issued in connection with it.

R3D cannot offer its shares for subscription or purchase to the public in Papua New Guinea, unless it is pursuant to an "excluded offer" under Part IV Division 3, as listed in Schedule 6 of the CMA. The Offer, being a takeover offer, is an excluded offer pursuant to Schedule 6 of the CMA and the R3D Shares resulting from the Offer may therefore be issued to Securityholders of Tartana with registered addresses in Papua New Guinea at the Register Date indicated in the Bidder's Statement.

No advertisement, invitation or document relating to the R3D Shares has been or will be issued in PNG or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of PNG (except if permitted to do so under the CMA and the regulations made under that Act) other than to Securityholders of Tartana with registered addresses in Papua New Guinea at the Register Date indicated in the Bidder's Statement.

The contents of this Target's Statement have not been reviewed by any PNG regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of the Offer, the Bidder's Statement and/or this Target Statement, you should obtain independent professional advice.

## 11 Additional information

### 11.1 Consents

This Target's Statement names the following people and entities:

- (a) *Mr Michael Thirnbeck;*
- (b) *Mr Tom Saunders*
- (c) *SRK Consulting (Australasia) Pty Ltd;*
- (d) *Mr Christian Blaser; and*
- (e) *Sparke Helmore Lawyers as legal adviser to Target.*

Each of Mr Michael Thirnbeck, Mr Tom Saunders and Sparke Helmore Lawyers respectively consent to being named in this Target's Statement in the context in which they are respectively named, and neither of them take responsibility for any part of this Target's Statement other than a reference to their name. They should not be regarded as having made any statement in this Target's Statement nor having authorised the issue of it.

Each of SRK Consulting (Australasia) Pty Ltd and Mr Christian Blaser respectively consent to being named in this Target's Statement in the context in which they are respectively named and to the inclusion of all statements included in the Target's Statement attributed to them, in the form and context in which they are made.

## 12 Definitions and Interpretation

### 12.1 Definitions

**Acceptance Form** means the acceptance forms for the Share Offer and the Option Offer that accompanies the Bidder's Statement.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 12 of the Corporations Act.

**ASX Listing Rules** means the official listing rules of the ASX.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by it.

**ASX Waiver** means a waiver of ASX Listing Rule 9.1 (b) and 9.1(c) as described in section 2.4(f) of this Target's Statement.

**Bidder's Statement** means the bidder's statement dated 5 February 2021 lodged by R3D with ASIC in relation to the Offer.

**CGT** means capital gains tax, being the tax you pay on a capital gain.

**Closing Date** means 7:00 pm (Sydney Time) 22 March 2021, unless the Offer is extended.

**Completion** means the issue of R3D Shares and R3D Options upon satisfaction of the Defeating Conditions.

**Consideration** means the Share Offer Consideration and the Option Offer Consideration.

**Convertible Note** has the meaning given in section 9.1.

**Convertible Noteholder** means the holder of a Convertible Note.

**Convertible Note Deed** means the deed created by Tartana on 18 December 2019 in relation to Convertible Notes.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Defeating Condition** means each condition of the Offer set out in section 10.7 of this Target's Statement.

**EPM** means an area granted under the Mineral Resources Act in respect to mineral exploration.

**Essential Resolution** has the meaning given to it in section 10.7(d) of this Target's Statement.

**Foreign Securityholder** means a Tartana Securityholder whose address as shown on the Tartana security registers is a place outside Australia and its external territories and New Zealand.

**Government Agency** means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**IPO** means Initial Public Offering.



**Implementation Deed** means the implementation deed entered into between R3D and Tartana on 3 December 2020, as amended by the Deed of Variation dated 2 February 2021.

**JORC Code** means The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves edition 2012.

**Merged Group** means the R3D Group following its acquisition of all or a majority of the Tartana Shares.

**Merger** means the acquisition by R3D of all or a majority of the Tartana Shares.

**Mining Lease or ML** means the area of land granted under the Mineral Resources Development Act or under the Mineral Resources Act in which a person may carry out mining operations.

**New Zealand Holder(s)** means Shareholders and/or Tartana Optionholders who have a registered address in New Zealand at the Register Date.

**Offer Conditions** means the terms and Defeating Conditions set out in section 10.7.

**Offer** means the offers by R3D to acquire all Tartana Shares and all Tartana Options on issue as at the end of the Offer Period on the Offer Conditions.

**Offer Period** means the period during which the Offer remains open.

**Option Offer** means the offer by R3D to acquire Tartana Options for the Option Offer Consideration.

**Option Offer Consideration** means one (1) R3D Option for each Tartana Option exercisable at \$0.40 within 5 years from the date of issue for each Tartana Option you hold (subject to rounding up of fractional entitlements).

**Papua New Guinean Holder(s)** means Shareholders and/or Tartana Optionholders who have a registered address in Papua New Guinea at the Register Date.

**Prospectus** means the prospectus issued by R3D on 8 February 2021 for the Public Offer and re-listing on the ASX, available at <http://r3dresources.com.au/>.

**Public Offer** means the offer by R3D Global for 21,250,000 R3D Shares at an issue price of \$0.20 per R3D Share to raise a minimum of \$4,250,000 with attaching R3D Options on a 1 for 5 basis.

**R3D Group** means R3D and each of its subsidiaries.

**R3D** means R3D Resources Limited (ACN 111 398 040).

**R3D Option** means an unlisted Option exercisable at 40 cents within 5 years of the date of issue.

**R3D Share** means a fully paid ordinary share in the capital of R3D.

**R3D Shareholder** means the holder or one or more R3D Shares.

**Redemption Amount** means the face value of the Convertible Note plus fees and interest which have accrued but which have not become due, plus unpaid fees and interest up to the date of redemption of the Convertible Note.



**Register Date** means the date set by R3D under section 633(2) of the Corporations Act, disclosed in the Bidder's Statement as being 5 February 2021.

**Regulatory Approval** means

- (a) *any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with,*
- (i) **a Government Agency, or**
  - (ii) **ASX, or**
  - (iii) **ASIC, or**
  - (iv) **Tartana Shareholders, or**
  - (v) **R3D Shareholders; or**
  - (vi) **The Foreign Investment Review Board**
- (b) *in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:*
- (i) **the expiry of any applicable period without intervention or action; or**
  - (ii) **the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.**

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Related Entity** means in respect of a party, another entity which is:

- (a) *related to the first entity within the meaning of section 50 of the Corporations Act; or*
- (b) *in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.*

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Securityholder** means a Shareholder and an Optionholder.

**Shareholder** means holders of Tartana Shares.

**Share Offer** means the offer by R3D to acquire Tartana Shares for the Share Offer Consideration.

**Share Offer Consideration** means one (1) R3D Share with attaching R3D Options on a one (1) for five (5) basis, for every one (1) Tartana Share you hold (subject to rounding up of fractional entitlements).

**Subsidiary** has the meaning given to it in section 9 of the Corporations Act.

**Superior Proposal** means a competing bid that, in the opinion of the Tartana Directors acting in good faith and on the basis of financial advice that supports the determination of the Tartana Directors:

- (c) *is reasonably capable of being valued and completed, taking into account both the nature of the competing bid and the person or persons making it; and*
- (d) *is more favourable to Tartana Securityholders than the Offer, taking into account all terms and conditions of the competing bid.*

**Sydney Time** means Australian Eastern Daylight Time or Australian Eastern Standard Time in effect at the relevant time.

**Target's Statement** means this document, being the statement of Tartana under Part 6.5 Division 3 of the Corporations Act.

**Tartana Director/Director** means a director of Tartana.

**Tartana** means Tartana Resources Limited ACN 126 905 726.

**Tartana Convertible Note** means an interest-bearing redeemable convertible note issued by Tartana redeemable for \$0.20 each or convertible each into a Tartana Share at A\$0.20 per Tartana Share on or before 18 June 2021 as per the Convertible Note Deed dated 18 December 2019.

**Tartana Option** means an Option issued by Tartana.

**Tartana Optionholder** means the holder of one (1) or more Tartana Options.

**Tartana Share** means a fully paid ordinary share in the capital of Tartana.

**Tartana Shareholder** means the holder of one (1) or more Tartana Shares.

**Tartana Tenements** or **Tenements** means the exploration licences or permits and mining licences or permits or any other form of mineral licence or title held or applied for by Tartana or in which Tartana has an interest at the date of this Target's Statement as described in sections 4.1 and 4.2 of this Target's Statement.

**Tax** means any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges.

## 12.2 Interpretation

In this Target's Statement:

- (a) *Other words and phrases have the same meaning (if any) given to them in the Corporations Act or the Listing Rules (as is appropriate to the context).*
- (b) *Words of any gender include all genders.*
- (c) *Words importing the singular include the plural and vice versa.*
- (d) *An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.*
- (e) *A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.*

- (f) *A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.*
- (g) *Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.*
- (h) *Unless otherwise specified, a reference to time is a reference to the time in Sydney, Australia.*
- (i) *A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.*

## 13 Authorisation

This Target's Statement has been approved by a resolution passed by the Tartana Board of Directors. All of the Directors voted in favour of that resolution and have consented to the lodgement of this Target's Statement with ASIC.

Dated: 19 February 2021

Signed for and on behalf of Tartana:



**Dr Stephen Bartrop**

Chairman

## 14 Corporate Directory

|  |  |
|--|--|
| <p><b>Company</b><br/>Tartana Resources Limited (ACN 126 905 726)</p> <p><b>Current address</b><br/>169 Blues Point Road McMahons Point NSW 2060</p>   | <p><b>Directors</b><br/>Dr Stephen Bartrop (Executive Chairman)<br/>Mr Bruce Hills<br/>Mr Robert Waring</p> <p><b>Company Secretary</b><br/>Mr Bruce Hills</p>             |
| <p><b>Legal Advisers</b><br/>Sparke Helmore Lawyers<br/>29, MLC Centre, 19 Martin Place, Sydney NSW 2000,<br/>DX 282, t: +61 2 9373 3555, f: +61 2 9373 3599</p>   | <p><b>Auditors</b><br/>BDJ Partners<br/>Level 8, 124 Walker Street, North Sydney NSW 2060<br/>Telephone: +61 2 9956 8500</p>   |
| <p><b>R3D Share Registry*</b><br/>Computershare Investor Services Pty Limited<br/>(ABN 48 078 279 277) *<br/>Yarra Falls, 452 Johnston Street, Abbotsford VIC<br/>3067 (Melbourne)<br/>Telephone: +61 (3) 9415 4000 and 1300 850 505</p> | <p><b>Tartana Share Registry</b><br/>Boardroom Pty Ltd<br/>Level 12 - 225 George Street, Sydney NSW 2000<br/>GPO Box 3993, Sydney NSW 2001<br/>Telephone: 02 9290 9600</p> |

