



R3D RESOURCES LIMITED

ABN 53 111 398 040

Annual Financial Report

For the year ended

30 June 2021

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

CORPORATE INFORMATION

Directors

Richard Ash
Non-Executive Chairman

Stephen Bartrop
Managing Director

Bruce Hills
Executive Director

Robert Waring
Non-Executive Director

Michael Thirnbeck
Non-Executive Director

Company Secretary

Robert Waring

Registered Office and Principal Place of Business

169 Blues Point Road
McMahons Point NSW 2060 Australia

Telephone +61 2 9392 8032

Share Registry

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

Telephone +61 3 9415 4000

Auditors

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

Legal Advisors

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

Securities Exchange Listing

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

Website

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

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DIRECTORS' REPORT

The directors of R3D Resources Limited submit the annual report of the consolidated entity ("the group") consisting of R3D Resources Limited ("the company") and the entities it controlled at the end of, or during the financial year ended 30 June 2021. The directors report as follows:

DIRECTORS

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

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

Education: B Ec Memberships: CA

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

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

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

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

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

Bruce Hills (Executive Director), appointed 20 July 2021

Education: BCom, CA (NZ)

Bruce is an accountant and is currently an Executive Director of Breakaway Investment Group Pty Limited which operates the Breakaway Private Equity Emerging Resources Fund. Bruce is a Director of a number of unlisted companies in the mining and financial services sectors including 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, Chairman of the Nomination and Remuneration Committee and the Audit and Risk Committee) appointed 20 July 2021. Appointed as Company Secretary 23 March 2021.

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

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

Mr Michael Thirnbeck (Non-Executive Director, Member of the Nomination and Remuneration Committee and 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.

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DIRECTORS' REPORT

DIRECTORS (cont'd)

Mr Daniel Yeo Chin Tuan (Non-Executive Director, Chairman, Chair of the Remuneration and Nomination Committee) appointed 28 March 2017, and then appointed Chairman 31 August 2017, resigned 20 July 2021

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

Dr Tiffany Tsao (Non-Executive Director, Member of the Remuneration and Nomination Committee) appointed 28 March 2017, resigned 20 July 2021.

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

Mr Muljadi Irawan (Non-Executive Director, Member of the Remuneration and Nomination Committee) appointed 9 July 2018, resigned 20 July 2021.

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

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

COMPANY SECRETARY

Mr Robert Waring appointed 23 March 2021.

Mr Henry Kinstlinger appointed 20 October 2016. Resigned 23 March 2021

Mr Kinstlinger has in the past 30 years been actively involved in the financial and corporate management of several public companies and non-governmental organisations. He is a professional company secretary and corporate consultant with broad experience in investor and community relations and corporate and statutory compliance. Mr Kinstlinger is a Member of the Australian Institute of Company Directors (MAICD).

DIRECTORS MEETINGS

The Board of Directors monitored and supervised all Company and Group activity closely. The Company's constitution allows the Directors to pass resolutions equivalent to meetings by way of circulating resolution. During the year, the Board passed 15 circulating resolutions. No Board or Committee meetings were held.

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DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

During the first quarter of the year the Group continued to provide investor relations, financial media, research and promotional services for small-mid cap stocks in Asia Pacific. In December 2020 the Group announced it proposed to acquire Tartana Resources Limited (Tartana), an Australian mineral exploration and development company. Details of the acquisition are contained in more detail in the Review of Operations section of this report. The principal activities during the second half of year were focussed on executing this transaction including the re-quotation of the Company's Shares on the ASX. Following the acquisition which was completed on 21 July 2021, the Company's principal activities are focussed on becoming a significant copper-gold explorer and developer in the Chillagoe Region of north Queensland.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made at the date of this report.

REVIEW OF OPERATIONS

Public and Investor relations

In the first half of FY2021 the principal operations of the Company namely its Public and Investor Relations business in South East Asia were dramatically curtailed with the advent of the Covid-19 pandemic. On 8 January 2021, Ms Florence Fang resigned as Chief Executive Officer of the Company. The Chairman Mr Daniel Yeo assumed the role of acting Chief Executive Officer.

Following the completion of the acquisition the Company is undertaking a strategic review of the Company's existing investor relations, financial media, research and promotional services businesses and are assessing whether these will be retained or disposed of. Based on the outcome of this review the Company will determine the value of these businesses to be carried forward and the balance will be written off as an expense. As an initial step in this review, the Company has made the decision to apply to strike off its wholly owned subsidiary R3D Singapore Pte Limited.

Acquisition of Tartana

During the year the Company's directors determined that it was in the best interests of the Company that it diversify its operations through the acquisition of Tartana providing an alternate business opportunity to benefit the Company's shareholders. As part of the acquisition:

- In December 2020, the Company announced it had reached agreement and signed an Implementation Deed to acquire Tartana, subject to shareholder acceptances;
- Effective 1 February 2021, with shareholders' approval, the Company changed its name from R3D Global Limited to R3D Resources Limited.

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

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

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

- 75,533,698 shares to the existing shareholders of Tartana at \$0.20 per share;
- 15,106,740 options to the existing shareholders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue, being 14 July 2026;

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (cont'd)

- 13,500,00 options to existing option holders of Tartana with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue, being 14 July 2026;

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

- 21,250,000 shares to investors in the public offer at \$0.20 per share
- 4,250,000 options to investors in the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue, being 14 July 2026; and
- 2,000,000 options issued to a broker under the public offer with an exercise price of \$0.40 expiring on the fifth anniversary from their date of issue, being 14 July 2026;

Corporate

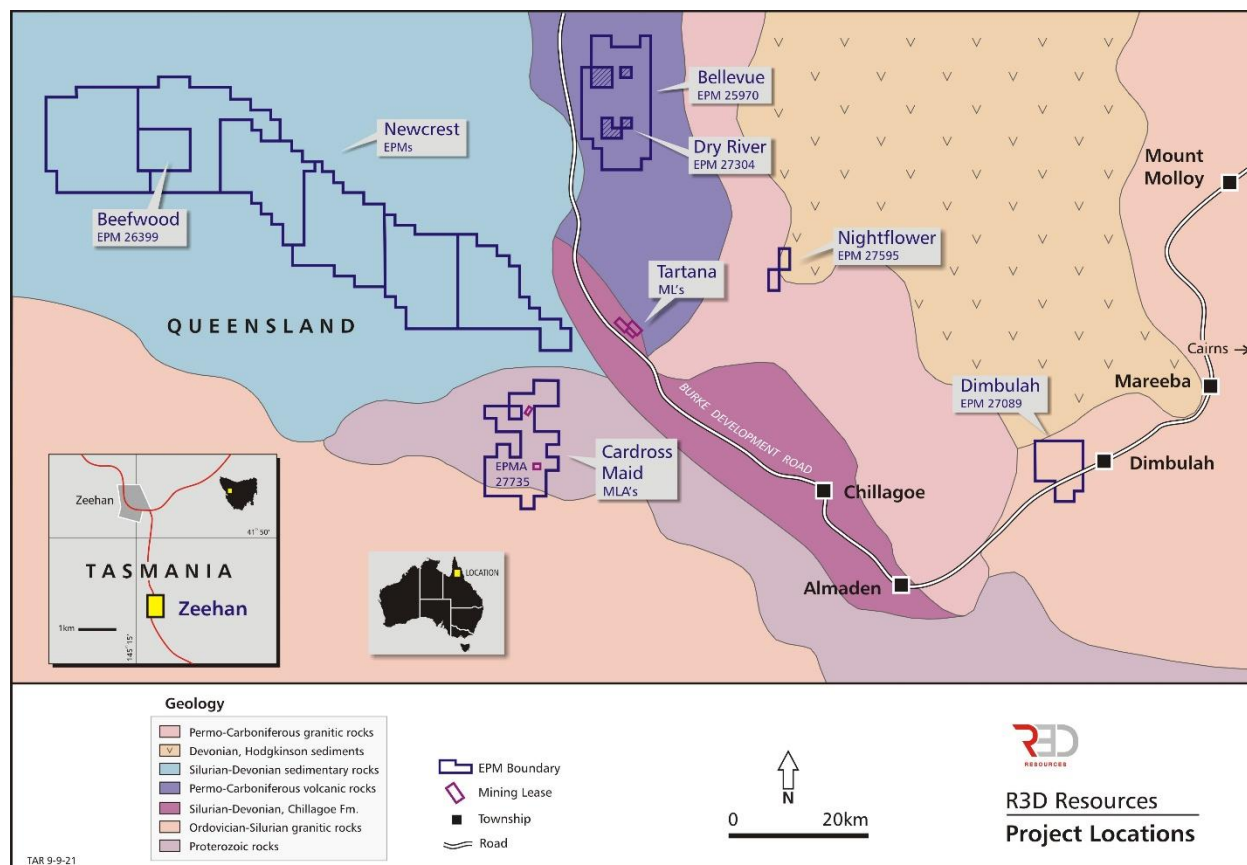
During the year the Company, as borrower, entered into a loan agreement with Yaputri Pte Ltd as the lender for a loan of \$250,000. The loan is unsecured and was paid to the Company on 17 September 2020. On 8 February 2021, a further \$200,000 was paid to the Company under this loan agreement.

On 1 April 2021 the Company entered into a loan agreement with Tartana as the lender for a loan of \$175,000. The loan is unsecured.

Mineral exploration and development activities

Following the merger with Tartana on 20 July 2021, R3D has become a copper/ gold explorer and developer in the Chillagoe Region in far north Queensland. On 20 July 2021 Stephen Bartrop was appointed the Managing Director of the Company.

The Company/ Tartana during the period since the takeover was announced to the date of this report has continued to advance the portfolio of exploration and mining assets.



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REVIEW OF OPERATIONS (cont'd)

The Company holds the Tartana Copper and Zinc project contained within four mining leases and which has four separate projects, namely the Tartana Copper Oxide Project, the Queen Grade Zinc Project, the deeper Copper Sulphide Project below the existing open pit as well as the nearby Valentino Copper – Gold Project. The Mining leases also contain heap leach pads and a solvent extraction-crystallisation plant that is currently in care and maintenance.

During the period the Company carried out drillhole planning to test the priority copper targets represented by large IP anomalies immediately to the east and north of the open pit. Subsequent to year end the Company has secured the services of Associated Exploration Drillers Pty Ltd to complete an exploration drilling campaign designed to test these targets.

The Company has also continued work on the restart of the plant to produce copper sulphate, including further test work on copper levels within the existing heaps and ponds, the estimation of a JORC 2012 compliant inferred resource based on the supergene mineralisation at the base of the pit, costings for engineering and electrical work required to restart the plant and discussions with a marketing group interested in facilitating the copper sulphate sales. Since balance date the Company has appointed a Plant Manager to oversee the restart of the plant.

The Company has an agreement with Newcrest Mining Limited to potentially acquire the Bulimba project area north of Chillagoe. It also holds the Bellevue/ Dry River tenements which will host more than 10 copper/ gold targets requiring drill testing. During the period the Company has commissioned a gravity survey across the western Bulimba as well as the Bellevue/ Dry River tenements. Results are expected in September 2021.

Intec Zeehan Residues Pty Ltd (a 100% owned subsidiary) has a contract for the sale and shipment of the furnace matte/ slag from the 469,000 tonnes stockpile on Intec Zeehan's mining lease in Tasmania. During the year ended 30 June 2021 Intec shipped 112,645 tonnes. Regular shipments of approximately 20,000 tonnes are targeted for the year ending 30 June 2022.

Covid 19

Whilst Covid 19 had no significant impact on the Company's operations during the year to June 2021, there remains uncertainty and risks on our exploration programs and the re-start of the copper sulphate plant.

Operating results

The Group's net loss for the year ended 30 June 2021 was \$885,151 (2020: \$301,292 loss).

The net assets of the group decreased by \$909,798 from \$17,910 at 30 June 2020 to \$(891,888) primarily due to consulting, service and professional fees and regulatory charges associated with the Tartana transaction and the reinstatement of R3D on the ASX. Subsequent to year end the company has raised \$4,250,000 following the successful completion of the public offer of R3D shares.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Since the balance date the following events have occurred:

- On 20 July 2021 the Company announced completion of the Implementation Deed between Tartana and the Company including:
 - public offer of 21,250,000 FPO R3D shares at 20 cents a share raising \$4,250,000;
 - issue of 75,533,698 shares to the shareholders of Tartana at \$0.20 per share.

Full details are included in the Review of Operations

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DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE REPORTING DATE (cont'd)

- On 29 July 2021 the Company repaid 2,500,000 convertible notes of \$0.20 each issued by Tartana under a Convertible Note Deed dated 18 December 2019 – total repaid including interest \$519,927.25;
- On 29 July 2021 the Company repaid a loan from Mr Craig Nettelbeck, a former Director of Tartana – total repaid plus interest \$85,735.45
- On 30 July 2021 the Company commissioned Xcalibur / CGG Aviation Pty Limited with a contract value of \$472,555 to fly a gravity and magnetic survey over the Bellevue and Dry River exploration projects.
- On 3 August 2021 the Company announced it entered into an exclusivity agreement potentially leading to an Options Agreement with Three Rivers Prospecting Pty Ltd and Michael Thompson to purchase the Beefwood project which is defined as EPM 26399. On 31 August 2021 the Company announced it had issued 1,925,000 shares to acquire the option to purchase the Beefwood Project. The Company has to 31 March 2022 to exercise the option with a purchase price of \$385,000 in shares priced at a one-month VWAP immediately prior to option exercise notification and a residual 1% NSR royalty on any production. The Company has a minimum expenditure commitment of \$125,000 prior to 31 March 2022.
- On 14 September 2021 the Company announced it had secured the services of Associated Exploration Drillers Pty Ltd with an approx. contract value of \$330,000 to complete an exploration drilling campaign designed to test the priority copper targets represented by large IP anomalies immediately to the east and north of the Tartana open pit.
- On 17 September 2021 the Company submitted a revised Estimated Rehabilitation Cost (ERC) calculation for the Tartana Mine site Environment to the Queensland Department of Environment (DES). This was in response to changes introduced under the Financial Provisioning Scheme (FPS) under the Mineral and Energy Resource (Financial Provisioning) Act 2018. While DES has estimated Tartana's ERC to be \$1,591,504, the Company's ERC based on the third-party quotes will increase the current FA to approximately \$922,856. This represents a shortfall of \$326,456 on the current financial assurance of \$586,400 and is in line with the amount budgeted for in the Prospectus issued on 26 May 2021.

There are no other significant events which have arisen since the end of the year which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial year.

OPTIONS OVER ORDINARY SHARES

At the date of this report there were no unissued shares of the Group under option. During the year, no options were exercised or cancelled.

Subsequent to 30 June 2021 up to the date of this report the following were issued:

Date Granted	Expiry Date	Exercise Price	Number of options at date of report
14 July 2021	14 July 2026	\$0.40	34,831,395

No options have been exercised or cancelled since the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

Disclosure of other information regarding likely developments in the operations of the Company in the future financial years were outlined in the Prospectus issued on 26 May 2021 and updated in the Review of Operations. Disclosure of the expected results of these operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

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DIRECTORS' REPORT

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Directors management of operations include the consideration of the impact of such activities on the environment and climate change. The Company is not subject to any specific environmental regulation in its operations under the law of a State, Territory or Commonwealth of Australia or Asia.

Following the acquisition of Tartana, the Company will hold mining licenses issued by the Queensland Department of Natural Resources, Mining and Energy and Mineral Resources of Tasmania. The licence conditions include those related to the environment including the deposit of a bond for environmental rehabilitation and the environmental restoration for damage caused on the mining license.

When Tartana acquired the mining leases north of Chillagoe it was advised that two water monitoring boreholes were reporting electrical conductivity and sulphate levels above the maximum threshold levels and the Company was required to produce an Environmental Evaluation Report. As Tartana has kept the operation on care and maintenance the Directors believe that the high electrical conductivities and sulphate levels were legacy issues from the previous owners. The Company provided an Environmental Evaluation Report in January 2020 and while the Department required further work to be carried out, it offered to work with Tartana to resolve the cause of these high readings. Tartana has since engaged a new consultant who advises that the increases in electrical conductivities and sulphate levels were increasing in 2012 after an environmental incident at the mine. Recently completed water testing has continue to confirm the anomalous results and further investigations suggest they may be related to the boreholes intersecting copper mineralisation.

Climate Change

The Company activities post the acquisition of Tartana are assessed as having a relatively low energy intensity, producing low exposure to climate change risks related to the transition to a lower carbon economy.

The company's activities may be carried out at sites that are vulnerable to physical climate impacts. Extreme weather events have the potential to damage infrastructure and disrupt or delay business activities. The company is enhancing its site-specific risk management plans to ensure that this risk factor is considered.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, AUDITORS AND OFFICERS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

Indemnifying Officers

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

The Company has paid premiums to insure each of the current and former directors and senior executive officers of the Company against liabilities for costs and expenses incurred by them in defending legal proceeding arising from their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total premiums paid during the year were \$2,814 (2020: \$26,423) and the insurance policies do not contain details of the premiums paid in respect of individual officers of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of R3D Resources Limited's key management personnel for the financial year ended 30 June 2021. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

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

KEY MANAGEMENT PERSONNEL

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

Non-executive directors	Position
R Ash (appointed 20 July 2021)	Chairman, Non-executive director
R Waring (appointed 20 July 2021)	Non-executive Director, Company Secretary
M Thirnbeck (appointed 20 July 2021)	Non-executive Director
D Yeo Chin Tuan (resigned 20 July 2021)	Chairman, Non-executive director
T Tsao (resigned 20 July 2021)	Non-executive Director
M Irawan (resigned 20 July 2021)	Non-executive Director
Executive officers	Position
S B Bartrop (appointed 20 July 2021)	Executive Director, Managing Director
B J Hills (appointed 20 July 2021)	Executive Director
F Fang (resigned 8 January 2021)	Chief Executive Officer

Remuneration Policy

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

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

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

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

Relationship between Remuneration Policy and Company Performance

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

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

	2021	2020	2019
	\$	\$	\$
Revenue	241,778	306,475	249,554
Net profit/(loss)	(885,151)	(301,292)	(413,699)
Share price at year-end	0.055 ¹	0.055	0.038
Dividends paid	Nil	Nil	Nil

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

Remuneration of key management personnel

2021	Short-term Benefits	Post-employment Benefits	Share based payments	Total
	Salary and directors' fees			
	\$	\$	\$	\$
Non-executive directors				
Daniel Yeo Chin Tuan	28,400	-	-	28,400
Michael Thirnbeck ¹	-	-	-	-
Tiffany Tsao ¹	-	-	-	-
Muljadi Irawan ¹	-	-	-	-
Executive Officers				
Florence Fang	29,800	-	-	29,800
Total	58,200	-	-	58,200

¹ Non-executive Directors have foregone their fees and superannuation for the current year

2020	Short-term Benefits	Post-employment Benefits	Share based payments	Total
	Salary and directors' fees			
	\$	\$	\$	\$
Non-executive directors				
Daniel Yeo Chin Tuan	47,400	-	-	47,400
Michael Thirnbeck ¹	-	-	-	-
Tiffany Tsao ¹	-	-	-	-
Muljadi Irawan ¹	-	-	-	-

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REMUNERATION REPORT (AUDITED) (cont'd)

Executive Officers

Florence Fang	110,800	-	-	110,800
Total	158,200	-	-	158,200

¹ Non-executive Directors have foregone their fees and superannuation for the current year

No performance-based remuneration was paid in 2021 (2020: nil).

Employee share options plan

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

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

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

No options under the ESOP were granted or outstanding as at 30 June 2021.

Directors' Interests

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

2021	Balance at the start of the year	Changes during the year	Balance at the end of the year
Ordinary shares	No.	No.	No.
Daniel Yeo Chin Tuan ¹	72,135	-	72,135
Michael Thirnbeck	-	-	-
Tiffany Tsao	-	-	-
Muljadi Irawan	-	-	-

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

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REMUNERATION REPORT (AUDITED) (cont'd)

Directors' appointed post balance date

2021	Balance at the end of the year	Changes under the takeover offer	Changes subsequent to the takeover offer	Balance at the date of this report
Ordinary shares	No.	No.	No.	No.
Richard Ash	-	-	-	-
Stephen Bartrop	-	7,353,873	280,000	7,633,873
Bruce Hills	-	2,726,497	-	2,726,497
Robert Waring	-	2,726,497	-	2,726,497

¹ Under the takeover offer, Tartana, shareholders received 1 share in R3D for every Tartana share held

2021	Balance at date of Appointment ¹	Changes under the takeover offer	Changes subsequent to the takeover offer	Balance at the date of this report
Options	No.	No.	No.	No.
Richard Ash	-	-	-	-
Stephen Bartrop	-	6,425,777	-	6,425,777
Bruce Hills	-	2,000,000	-	2,000,000
Robert Waring	-	500,000	-	500,000

¹ Under the takeover offer, Tartana option holders received 1 option for each option held, and one R3D option for every five Tartana shares held

Key Terms of Employment Contracts

Non-Executive Directors remuneration arrangements

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

The Company will issue a Letter of Appointment to Mr Richard Ash as incoming Chairman. For the year ending 30 June 2022 Mr Ash's fee will be set at \$50,000 per annum. Letters of Appointment will also be issued to the other NED with fees to be set at \$30,000 per annum. Non-Executive Directors may be requested to carry out specific duties at the rate of \$1,500 + GST per diem.

Service Agreements

Remuneration and other terms for key management personnel are formalised in service contracts and are set out below:

Troppo Resources Pty Ltd

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

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

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

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

Bruce Hills Pty Ltd

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

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

This concludes the remuneration report, which has been audited.

NON-AUDIT SERVICES

No non-audit services were provided for the year ended 30 June 2021.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration for the year ended 30 June 2021 is included after this report.

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

Signed by



**Richard Ash
Chairman**

30 September 2021

Auditor's Independence Declaration

To the directors of R3D Resources Limited

As engagement partner for the audit of R3D Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

BDJ Partners



.....
Anthony Dowell
Partner

28 September 2021

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Accounting

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R3D RESOURCES LIMITED – ANNUAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Revenue			
Business income	6	196,505	257,168
Other income	6	45,256	49,062
Interest received		17	245
Expenses			
Professional fees		(558,952)	(148,332)
ASX fees		(123,486)	(18,716)
Employment expenses		(126,446)	(153,977)
Impairment expenses		(1,590)	(15,900)
Revaluation of investments		24,790	3,592
Depreciation and amortisation expense		(42,548)	(51,605)
Support services agreement		(283)	(96,121)
Other expenses		(298,414)	(126,708)
Loss for the year before income tax		(885,151)	(301,292)
Income tax expense	7	-	-
Loss for the year		(885,151)	(301,292)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		3,636	(300)
Total comprehensive loss for the year, net of tax		(881,515)	(301,592)
Net loss for the year is attributable to:			
Loss attributable to owners		(881,515)	(301,592)
Total comprehensive loss for the year is attributable to:			
Loss attributable to owners		(881,515)	(301,592)
Loss per share			
Basic loss per share (cents)	21	(1.88)	(0.64)
Diluted loss per share (cents)	21	(1.88)	(0.64)

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

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	49,046	131,825
Trade and other receivables	9	1,978	71,622
Other assets	10	95,507	25,334
Total Current Assets		146,531	228,781
Non-Current Assets			
Intangible assets	11	-	-
Property, plant and equipment	12	-	3,285
Rights-of-use assets	23	-	114,418
Investments	13	32,160	7,370
Deposit paid		-	19,708
Total Non-Current Assets		32,160	144,781
Total Assets		178,691	373,562
LIABILITIES			
Current Liabilities			
Trade and other payables	14	409,898	192,804
Borrowings	15	183,311	8,208
Contract liabilities		-	39,177
Lease liability	23	-	80,420
Total Current Liabilities		593,209	320,609
Non-Current Liabilities			
Lease liability	23	-	35,043
Borrowings	15	477,370	-
Total Non-Current Liabilities		477,370	35,043
Total Liabilities		1,070,579	355,652
Net Assets		(891,888)	17,910
Equity			
Issued capital	16	62,034,054	62,062,337
Accumulated losses		(62,929,278)	(62,044,127)
Reserves		3,336	(300)
Total Equity		(891,888)	17,910

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

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Convertible Note Reserve	Foreign currency translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2019	61,770,159	292,178	-	(61,742,835)	319,502
Loss for the year	-	-	-	(301,292)	(301,292)
Other comprehensive loss	-	-	(300)		(300)
Total comprehensive loss for the year	-	-	(300)	(301,292)	(301,593)
Issue of shares	292,178	(292,178)	-	-	-
Balance as at 30 June 2020	62,062,337	-	(300)	(62,044,127)	17,910
 Balance as at 1 July 2020	 62,062,337	 -	 (300)	 (62,044,127)	 17,910
Loss for the year	-	-	-	(885,151)	(885,151)
Other comprehensive loss	-	-	3,636	-	3,636
Total comprehensive loss for the year	 -	 -	 3,636	 (885,151)	 (881,515)
Issue of shares (cost)	(28,283)	-	-	-	(28,283)
Balance as at 30 June 2021	62,034,054	-	3,336	(62,929,278)	(891,888)

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

R3D RESOURCES LIMITED – ANNUAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		245,248	304,387
Payments to suppliers and employees		(959,475)	(570,243)
Government grants received		50,724	-
Interest received		17	245
Net cash used in operating activities	8a	<u>(663,486)</u>	<u>(265,611)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for office equipment		(737)	(2,599)
Deposits refunded		19,708	-
Net cash used in investing activities		<u>18,971</u>	<u>(2,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		625,000	-
Repayment of lease		(38,617)	(48,252)
Equity raising expenses		(28,283)	-
Net cash provided by financing activities		<u>558,100</u>	<u>(48,252)</u>
Net decrease in cash and cash equivalents held		(86,415)	(316,462)
Cash and cash equivalents at beginning of the year		131,825	448,287
Effect of exchange rate changes on cash		3,636	-
Cash and cash equivalents at end of the year	8	<u>49,046</u>	<u>131,825</u>

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

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: GENERAL INFORMATION

R3D Resources Limited (“the Company”) is a public company incorporated in Australia, listed on the Australian Securities Exchange.

The address of its registered office and principal place of business is as follows:

169 Blues Point Road
McMahons NSW 2060
Australia

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group’s operations are set out in 5.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors on 28 September 2021.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and financial assets.

(b) Principals of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of R3D Resources Limited (the parent entity) as at reporting date and the results of all subsidiaries for the year then ended. R3D Global Ltd and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Principals of consolidation (cont'd)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributable to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Going concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2021, the Group had net liabilities of \$891,888 and net current liabilities of \$446,678 and in the year then ended incurred a loss of \$885,151 and net operating cash outflows of \$663,486.

Subsequent to the end of the financial year the Group raised \$4.25m by way of a public offer of R3D ordinary shares. Also, as part of the Tartana acquisition, the Group will continue to generate cash flow from the export of zinc slag/matt.

Current cash reserves are sufficient to meet planned expenditure for the foreseeable future assuming the successful restart of the Tartana Copper Plant and that the ECR bond is assessed at the expected level. If the plant restart was unsuccessful or delayed, or ECR bond was assessed at a higher level than expected, the Group would need to reduce costs and may need to raise further capital.

The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Group relative to its fixed and discretionary commitments;
- The contingent nature of certain of certain project expenditure commitments of the Group;
- The ability of the Group to terminate certain agreements without any further on-going obligation beyond what has accrued up to the date of termination
- The Company has been able to demonstrate in previous years that they have been successful in raising capital when needed. The Directors remain confident that this can again be done when required to support the Group's continuing activities including the restart of the plant, the ERC bond and working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency translation (cont'd)

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(e) Revenue recognition

The consolidated entity recognizes revenue as follows:

Revenue from contracts with customers

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or hourly rate.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods and services. Revenue for service income is based on either a contract or a quote for service. Revenue is only recognized to the extent that there is a high probability that a significant reversal of income will not occur.

A receivable will be recognised when the services are provided and the Company's right to consider is deemed to be unconditional at this time as only the passage of time is required before payment of that consideration is due. There are no significant financing terms related to service revenue of the Group, as there is less than 12 months between receipt of the funds and satisfaction of the performance obligations.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine a transaction price. Quotes are based on scope of work and the estimated time required to complete the project. For projects that require travel, this cost is included in the quote.
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Interest income

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Government grants

Assistance received from the government by way of grant or other forms of assistance designed to provide an economic benefit to the Group, is presented in the profit and loss as other income. Grants are recognised where there is reasonable assurance that conditions will be complied with and the grant will be received.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14 days.

(i) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(j) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(k) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

(l) Impairment of Non-Financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets.

(m) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee Leave Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Employee benefit on-costs

Employee benefit on-costs, including superannuation and workers' compensation insurance, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(o) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The balance is recognised as a current liability and amounts are normally paid within 30 days. Trade & other payables are initially measured as fair value & subsequently measured at amortised cost using the effective interest method.

(p) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of to profit or loss when the tax relates to items that are credited or charged directly to equity.

(q) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO").

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are derecognised when the rights to receive the cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part of all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit and loss. Typically, such financial assets will be either: 1) held for trading, where there are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or 2) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(s) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic earnings per share is calculated as net profit adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares and adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Group.

Key estimates

Impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

Provision for impairment of receivables

No provision for impairment has been brought to account for year ended 30 June 2021.

Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgment to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgment that the entity will make. The Group determines the likelihood to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(w) Adoption of New and revised Accounting Standards

Amendments to Accounting Standards that are effective for the current year.

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial year.

(x) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early-adopt any of the new and amended pronouncements but do not expect the adoption of these pronouncements to have a material impact on the reported position or performance of the Group.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: FINANCIAL RISK MANAGEMENT

Objectives and policies and financial instruments

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, investments and accounts payable.

The totals for each category of financial instruments, measured in accordance with *AASB 9: Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	8	49,046	131,825
Trade and other receivables	9	1,978	71,622
Deposit paid		-	19,708
Investments	13	32,160	7,370
Total Financial Assets		83,184	230,525
Financial Liabilities			
Trade and other payables	14	409,898	192,804
Borrowings		660,681	8,208
Contract liabilities		-	39,177
Lease liability – current	24	-	80,420
Lease liability – non current	24	-	35,043
Total Financial Liabilities		1,070,579	355,652

Financial Risk Management Policies

The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk and interest rate risk.

Specific Financial Risk Exposures and Management

The main risk that the Group is exposed to through its financial instruments are liquidity risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to its trade and other payables. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- only investing surplus cash with major financial institutions.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Shares in listed companies

Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The Group's investments, being shares in listed companies, are all in level 1.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTE 5: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments. R3D Resources Limited provides investor relations, financial media, research and promotional services for small-mid cap stocks in Asia Pacific.

NOTE 6: REVENUE AND OTHER INCOME

	2021 \$	2020 \$
Revenue from contracts with customers		
Services rendered	196,505	257,168

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or hourly rate.

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

Other income		
Rental income	8,356	18,226
Other income	16,900	30,836
Cash Flow Boost	20,000	-
	45,256	49,062

The 2020 balance for other income has been increased from \$5,502 to \$30,836 due to \$25,334 of income that was not accrued in error.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: INCOME TAX

	2021 \$	2020 \$
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax (benefit)/expense on (loss)/profit before income tax at 26% (2020: 27.5%)	(230,139)	(82,855)
Non-deductible amounts	413	4,372
Tax losses not recognised	229,726	78,483
Income tax expense	-	-

The franking account balance of the Group at 30 June 2021 is \$ nil (30 June 2020: \$ nil).

The available gross tax losses of the Group at 30 June 2021 are \$2,161,434 (30 June 2020: \$1,105,134).

The deferred tax asset of \$579,220 (2020: \$316,200) arising from these losses and other temporary differences have not been recognised. The benefit of the tax losses will only be obtained if:

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

NOTE 8: CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Cash at bank and on hand	49,046	131,825
Total cash and cash equivalents	49,046	131,825

8 (a) RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH PROFIT/(LOSS) AFTER TAX

	2021 \$	2020 \$
Loss after income tax	(885,151)	(301,292)
Non-cash flows in result for the year:		
Depreciation and amortisation	42,548	51,605
Impairment of trade and other receivables	1,590	15,900
Change in fair value of investments	(24,790)	(3,592)
Interest expense	27,473	
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	68,054	7,592
(Increase)/decrease in other assets	(70,173)	(40,629)
Increase/(decrease) in trade and other payables	217,094	7,171
Increase/(decrease) in intangibles	-	6,296

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

8 (a) RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH PROFIT/(LOSS) AFTER TAX (cont'd)

Increase/ (decrease) in income in advance	(39,177)	-
Increase/(decrease) in provisions	-	(8,662)
Increase/(decrease) in lease liabilities	(954)	-
Net cash flow from operating activities	(663,486)	(265,611)

NOTE 9: TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
CURRENT		
Trade and other receivables	3,568	132,614
Less: loss allowance	9a (1,590)	(60,992)
Total current trade and other receivables	1,978	71,622

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Group has recognised a loss of \$1,590 (2020: \$15,900) in profit or loss in respect of loss allowance for the year ended 30 June 2021.

The ageing of the receivables and loss allowance provided for the above are as follows:

	Within maturity < 30 days \$	31–60 days \$	61–90 days \$	> 90 days \$	Total \$
2021					
Expected loss rate (%)	-	-	-	100%	
Trade and term receivables (\$)	-	-	1,978	1,590	3,568
Expected credit loss (\$)	-	-	-	1,590	1,590
2020					
Expected loss rate (%)	-	-	-	100%	
Trade and term receivables (\$)	59,526	7,091	5,005	60,992	132,614
Expected credit loss (\$)	-	-	-	60,992	60,992

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: TRADE AND OTHER RECEIVABLES (cont'd)

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2021 \$	2020 \$
Balance at the beginning of the year	60,992	45,092
Additional impairment loss recognised	(59,402)	15,900
Additional provisions recognised	-	-
Balance at end of the year	<u>1,590</u>	<u>60,992</u>

NOTE 10: OTHER ASSETS

	2021 \$	2020 \$
CURRENT		
Accrued income	-	25,334
Prepayments	95,507	-
Total prepayments	<u>95,507</u>	<u>25,334</u>

The 2020 balance for accrued income has been increased from \$0 to \$25,334 due to \$25,334 of income that was not accrued in error.

NOTE 11: INTANGIBLE ASSETS

	2021 \$	2020 \$
Cost		
R3D Platform Intellectual Property	-	-
Total intangible assets	<u>-</u>	<u>-</u>
Movement:		
Balance at beginning of the year	-	6,296
Impairment expense	-	(6,296)
Balance at end of the year	<u>-</u>	<u>-</u>

NOTE 12: PROPERTY, PLANT & EQUIPMENT

	2021 \$	2020 \$
Plant & Equipment		
Office equipment - at cost	11,712	11,712
Office equipment - accumulated depreciation	(11,712)	(8,427)
Office equipment - carrying value at the end of the year	<u>-</u>	<u>3,285</u>

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: PROPERTY, PLANT & EQUIPMENT (cont'd)

	Office equipment \$	Total property, plant & equipment \$
Movements:		
Balance at 1 July 2019	3,275	3,275
Additions	2,599	2,599
Depreciation expense	(2,589)	(2,589)
Balance at 30 June 2020	3,285	3,285
 Balance at 1 July 2020	 3,285	 3,285
Additions	-	-
Depreciation expense	(3,285)	(3,285)
Balance at 30 June 2021	-	-

NOTE 13: INVESTMENTS

	2021 \$	2020 \$
Listed investments: at fair value through profit or loss	32,160	7,370

NOTE 14: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade payables	353,436	31,385
Related party trade payables and accruals	52,429	110,737
Other payables	4,033	50,682
Total current trade and other payables	409,898	192,804

Trade payables and other payables are non-interest bearing and are normally settled on 30 days - 150 days terms.

Related party trade payables are for purchases of services & billings for services performed for Flame Communications Pte Ltd, a company associated with Ms Florence Fang, Managing Director¹ and CEO of R3D Resources Limited.

¹ Ms Florence Fang resigned as Director on 9 December 2019.

NOTE 15: BORROWINGS

	2021 \$	2020 \$
Current		
Tartana Resources Limited (i)	175,000	-
Other loans	8,311	8,208
	183,311	8,208

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: BORROWINGS (cont'd)

	2021 \$	2020 \$
Non-current		
Yaputri Pte Ltd (ii)	450,000	-
Accrued interest	27,370	-
	<u>477,370</u>	<u>-</u>

- (i) On the Company entered into a loan agreement with Tartana Resources Limited. The loan is unsecured and bears interest at the Australian Reserve Bank published rate. The loan together with interest will be repaid on 31 March 2022.
- (ii) On 15 September 2020 the Company entered into a loan agreement with Yaputri Pte Ltd (Yaputri). The loan is unsecured and bears interest at 10% pa. Repayment of the loan together is 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 Fully Paid Ordinary Shares occurring following reinstatement of the Company's securities to the Official List of the ASX.

NOTE 16: ISSUED CAPITAL

a) Movement in shares on issue	2021 \$	2020 \$
Fully paid ordinary shares at the beginning of the year	62,062,337	61,770,159
Convertible notes	-	292,178
Share Issue Cost	(28,283)	
Fully paid ordinary shares at the end of the year	<u>62,034,054</u>	<u>62,062,337</u>

	2021 No.	2020 No.
Balance at the beginning of the year	47,147,058	41,147,058
Issue of shares	-	6,000,000
Balance at the end of the year	<u>47,147,058</u>	<u>47,147,058</u>

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generating long-term shareholder value and ensuring that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: INTEREST OF KEY MANAGEMENT PERSONNEL (“KMP”)

Refer to the Remuneration Report contained in the Directors’ Report for details of the remuneration paid or payable to each member of the Group’s key management personnel for the year ended 30 June 2021.

The key management personnel during the years ended 30 June 2021 and 2020 were as follows:

2021	2020
Mr Daniel Yeo Chin Tuan	Mr Daniel Yeo Chin Tuan
Dr Tiffany Tsao	Ms Florence Fang, resigned as Director 9 Dec 2019
Mr Michael Thirnbeck	Mr Michael Thirnbeck
Mr Muljadi Irawan - appointed 9 July 2019	Mr Muljadi Irawan - appointed 9 July 2019
Mr Robert Ash – appointed 20 July 2021	Dr Tiffany Tsao
Mr Robert Waring – appointed Secretary 23 March 2021	
Mr Stephen Bartrop – appointed 20 July 2021	
Mr Bruce Hills – appointed 20 July 2021	
Ms Florence Fang – resigned 8 January 2021	

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2021 \$	2020 \$
Short-term employee benefits	58,200	158,200
Post-employment benefits	-	-
Total	58,200	158,200

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year’s costs of providing for superannuation contributions made during the year.

R3D Resources Limited

NOTE 18: DIVIDENDS

No dividends were paid to members during the financial year or prior year.

NOTE 19: AUDITOR’S REMUNERATION

	2021 \$	2020 \$
Audit services – BDJ		
Audit or review of financial statements	35,000	55,000
Other services - Tax	-	-
Total	35,000	55,000

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: RELATED PARTIES

The following transactions between the Group and related parties took place at terms agreed between the parties during the year.

Transactions with related parties:

	2021 \$	2020 \$
Billings for services performed	-	38,808
Purchases of services	52,429	110,737

Purchases of services & billings for services performed during the prior year, were for Flame Communications Pte Ltd, a company associated with Ms Florence Fang, Managing Director¹ and CEO of R3D Resources Limited. Certain contracts were outsourced to Flame, however some staff were provided by R3D in order to execute the projects. The Directors consider these transactions are at arms lengths.

R3D Resources Limited as at 30 June 2021 there was \$52,429 payable related to the transactions with related parties disclosed above (2020: \$53,424).

¹ Ms Florence Fang resigned as Director on 8 January 2021.

NOTE 21: EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of any dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	2021 \$	2020 \$
Loss for the year attributable to members	(885,151)	(301,292)

	No.	No.
Weighted average number of ordinary shares for basic earnings per share	47,147,058	47,147,058
Weighted average number of ordinary shares adjusted for the effect of dilution	47,147,058	47,147,058

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no commitments or contingent liabilities as at 30 June 2021.

NOTE 23: RIGHT-OF-USE ASSETS & LEASE LIABILITIES

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTE 23 (a): RIGHT-OF-USE ASSET

- i) AASB 16 related amounts recognised in the balance sheet

	2021 \$	2020 \$
Right-of-use asset		
Lease office	-	164,048
Accumulated depreciation	-	(49,630)
	-	114,418

A lease agreement was entered into on 8 October 2019 for an office at CT Hub, Singapore. The start date of the lease was 1 December 2019, end date of 30 November 2021, and there is an option to extend for 1 year. The rental amount is S\$6,741 per month. The lease agreement was novated to an unrelated third party effective from 1 December 2020.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23 (a): RIGHT-OF-USE ASSET (cont'd)

- ii) AASB 16 related amounts recognised in the profit or loss

	2021 \$	2020 \$
Right-of-use asset		
Depreciation charge	38,727	49,630
Interest	2,192	3,007
Low value lease	-	8,400
	<u>40,919</u>	<u>61,037</u>

NOTE 23 (b): LEASE LIABILITY

	2021 \$	2020 \$
Current	-	80,420
Non-current	-	35,043
Lease liability	<u>-</u>	<u>115,463</u>

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 – 5 years	5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement of Financial Position
	\$	\$	\$	\$	\$
2021	-	-	-	-	-
2020	84,350	35,146	-	119,496	115,643

The Group as lessor

Upon entering into contract as a lessor, the Group assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23: RIGHT-OF-USE ASSETS & LEASE LIABILITIES (cont'd)

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

The Group sub-leases a portion of its office at CT Hub, Singapore. Please refer to Note 6 for rental income received during the year. The sub-lease agreement commenced on 1 January 2020 and is for a 1-year period, with an option to extend for 1 year. The monthly rent is S\$2,800 per month. The Group has classified this sub-lease as an operating lease. The lease agreement was novated to an unrelated third party effective from 1 December 2020.

NOTE 24: SUBSIDIARIES

The Group incorporated a fully owned subsidiary in Singapore, R3D Singapore Pte Ltd on 25 July 2019.

NOTE 25: PARENT ENTITY

	2021 \$	2020 \$
Assets		
Current assets	133,085	193,066
Non-current assets	32,171	10,666
Total assets	165,256	203,732
Liabilities		
Current liabilities	619,590	111,368
Non-current liabilities	450,000	-
Total liabilities	1,069,590	111,368
Net assets	(904,334)	92,364
Equity		
Issued capital	62,380,696	62,062,338
Reserves	-	-
Accumulated losses	(63,285,030)	(61,969,974)
Total equity	(904,334)	92,364
Loss of the parent entity	(916,035)	(279,519)
Total comprehensive loss of the parent entity	(916,035)	(279,519)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has not entered into any guarantees in relation to the debts of its subsidiaries as at 30 June 2021.

R3D RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments

The parent entity had no capital commitments as at 30 June 2021 and 30 June 2020.

NOTE 25: PARENT ENTITY (cont'd)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 26: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Refer to Acquisition of Tartana as outlined on the Review of Operations. Since the completion of the acquisition the following events have occurred:

- On 20 July 2021 the Company announced completion of the Implementation Deed between Tartana and the Company including:
 - public offer of 21,250,000 FPO R3D shares at 20 cents a share raising \$4,250,000;
 - issue of 75,533,698 shares to the shareholders of Tartana at \$0.20 per share.Full details are included in the Review of Operations
- On 29 July 2021 the Company repaid 2,500,000 convertible notes of \$0.20 each issued by Tartana under a Convertible Note Deed dated 18 December 2019 – totalled repaid including interest \$519,927.25;
- On 29 July 2021 the Company repaid a loan from Mr Craig Nettelbeck, a former Director of Tartana – total repaid plus interest \$85,735.45;
- On 30 July 2021 the Company commissioned Xcalibur/ CGG Aviation Pty Limited with a contract value of \$472,555 to fly a gravity and magnetic survey over the Bellevue and Dry River exploration projects.
- On 3 August 2021 the Company announced it entered into an exclusivity agreement potentially leading to an Options Agreement with Three Rivers Prospecting Pty Ltd and Michael Thompson to purchase the Beefwood project which is defined as EPM 26399. On 31 August 2021 the Company announced it had issued 1,925,000 shares to acquire the option to purchase the Beefwood Project. The Company has to 31 March 2022 to exercise the option with a purchase price of \$385,000 in shares priced at a one-month VWAP immediately prior to option exercise notification and a residual 1% NSR royalty on any production. The Company has a minimum expenditure commitment of \$125,000 prior to 31 March 2022.
- On 14 September 2021 the Company announced it had secured the services of Associated Exploration Drillers Pty Ltd with an approx. contract value of \$330,000 to complete an exploration drilling campaign designed to test the priority copper targets represented by large IP anomalies immediately to the east and north of the Tartana open pit.
- On 17 September 2021 the Company submitted a revised Estimated Rehabilitation Cost (ERC) calculation for the Tartana Mine site Environment to the Queensland Department of Environment (DES). This was in response to changes introduced under the Financial Provisioning Scheme (FPS) under the Mineral and Energy Resource (Financial Provisioning) Act 2018. While DES has estimated Tartana's ERC to be \$1,591,504, the Company's ERC based on the third-party quotes will increase the current FA to approximately \$922,856. This represents a shortfall of \$326,456 on the current financial assurance of \$586,400 and is line with the amount budgeted for in the Prospectus issued on 26 May 2021.

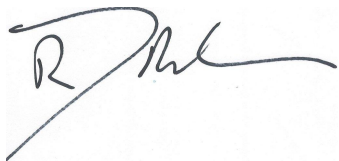
There are no other significant events which have arisen since the end of the year which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial year.

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DIRECTORS' DECLARATION

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 8 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the board of directors of R3D Resources Limited.

A handwritten signature in dark ink, appearing to read 'R Ash', is written over a faint, rectangular grey stamp.

Richard Ash

Chairman

30 September 2021

Independent Auditor's Report

To the members of R3D Resources Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of R3D Resources Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Tax

Accounting

**Financial
Advice**

Super

Audit

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Key Audit Matters

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

Going concern assessment

The financial report is prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. As the directors' assessment of the group's ability to continue as a going concern can be highly judgemental, we identified going concern as a significant risk requiring special audit consideration and a key audit matter.

Our audit work included, but was not restricted to, the following:

- An evaluation of the directors' assessment of the group's ability to continue as a going concern. In particular we reviewed cash flow forecasts, the group's assessment of going concern included in note 2(c) and communicated with the Audit Committee on these matters.
- An evaluation of the directors' plans for future actions in relation to its going concern assessment, taking into account relevant events subsequent to year-end included in Note 26.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of R3D Resources Limited for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDJ Partners



Anthony Dowell
Partner

30 September 2021

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FOR THE YEAR ENDED 30 JUNE 2021

ADDITIONAL ASX INFORMATION

Additional information required by ASX Listing Rule 4.10, and not disclosed elsewhere in this Annual Report, is detailed below. This information was prepared based on the Company's Share Registry information, its option register, ASX releases and the Company's Constitution.

1. Shareholdings

a. Analysis of the fully paid ordinary shares by holding as at 21 September 2021:

Number of Ordinary Shares Held	Number of Holders	Ordinary Shares	% of Total Issue Capital
1 - 1,000	477	48,608	0.04
1,001 - 5,000	581	1,687,355	1.53
5,001 - 10,000	218	1,892,495	1.71
10,001 - 100,000	339	12,586,870	11.39
100,001 and over	136	94,280,302	85.33
Total	1,751	110,495,630	100.00

b. The **Top 20 Holders of Fully Paid Ordinary Shares** as at 20 September 2021 are:

Rank	Name of Shareholder	Shares	% of Shares
1	SCIDEV LTD	13,589,935	12.30
2	HARDIE HOLDINGS PTY LIMITED	6,562,500	5.94
3	STEPHEN BRUCE BARTROP + KERRY WENDY CHISHOLM <FUND ON THE BEACH S/F A/C>	4,612,826	4.17
4	DUNCAN JOHN HARDIE	3,200,000	2.90
5	PAUL BROAD	2,054,149	1.86
6	MR EDGAR BARTROP	2,050,000	1.86
7	BRMP PTY LIMITED	2,000,000	1.81
8	PETRA PACIFIC PTE LTD	1,977,542	1.79
9	INDONOBLE RESOURCES PTE LTD	1,954,486	1.77
10	TROPPO RESOURCES PTY LTD	1,886,456	1.71
11	BRUCE HILLS PTY LTD <BRUCE HILLS SUPER FUND A/C>	1,777,726	1.61
12	THREE RIVERS PROSPECTING PTY LTD	1,732,500	1.57
13	GEORGE DJUHARI	1,562,500	1.41
14	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	1,500,000	1.36
15	WARINCO SERVICES PTY LIMITED	1,483,515	1.34
16	GUILFORD ENTERPRISES LIMITED	1,360,939	1.23
17	PATHOLD NO 107 PTY LIMITED <EMD GROUP S/F A/C>	1,300,000	1.18
18	CORSTORPHINE SERVICES PTY LTD <CORSTORPHINE SUPER FUND A/C>	1,190,000	1.08
19	NETTS SPORTS PTY LTD	1,167,338	1.06
20	BLANVILLE TRADING LTD	1,000,000	0.91
20	EDGAR BARTROP	1,000,000	0.91
20	MR DAVID JOHN MORRISON	1,000,000	0.91
20	PATHOLD NO 107 P/L <THE EMD GROUP S/FUND A/C>	1,000,000	0.91
20	TBB PTY LTD <WATSON NO 1 A/C>	1,000,000	0.91
20	MICHAEL ROBERT THIRNBECK	1,000,000	0.91
	Total of Top 20 Holdings	58,962,412	53.41
	Remaining Holdings	51,533,218	46.59
	Total Fully Paid Shares Issued	110,495,630	100.00

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c. Based on the market price at 21 September 2021 there were 946 shareholders holding **less than a marketable parcel** of \$500 worth of 3,448 shares at a share price of \$0.145.

d. The names of the **Substantial Shareholders** based on Substantial Shareholder Notices received by the Company as at 21 September 2021, are as follows:

Substantial Shareholder	Number of Ordinary Shares
SciDev Ltd	13,589,935
Duncan John Hardie	9,762,500
Stephen Bartrop	7,128,873

2. Option Holdings

a. Analysis of the options by holding as at 21 September 2021:

Number of Options Held	Number of Holders	Options	% of Total Options
1 - 1,000	15	7,508	0.02
1,001 - 5,000	224	635,593	1.82
5,001 - 10,000	50	445,606	1.28
10,001 - 100,000	143	5,663,179	16.25
100,001 and over	36	28,104,871	80.63
Total	468	34,856,757	100.00

b. The **Top 20 Holders of Options** as at 20 September 2021 are listed below. All options are unquoted, and have an exercise price of \$0.40 and expire if not exercised by 14 July 2026.

Rank	Name of Option Holder	Options	% of Options
1	STEPHEN BRUCE BARTROP + KERRY WENDY CHISHOLM <FUND ON THE BEACH S/F A/C>	5,922,566	16.99
2	PETER ROHNER	3,000,000	8.61
3	SCIDEV LTD	2,717,987	7.80
4	CRAIG GREGORY NETTELBECK	2,500,000	7.17
5	AUSTRALASIAN CAPITAL PTY LIMITED	2,000,000	5.74
6	BRUCE HILLS PTY LTD <BRUCE HILLS SUPER FUND A/C>	1,355,546	3.89
7	HARDIE HOLDINGS PTY LIMITED	1,312,500	3.77
8	BRUCE HILLS PTY LTD <HILLS CALUGAY FAMILY A/C>	1,189,755	3.41
9	DUNCAN JOHN HARDIE	640,000	1.84
10	PATHOLD NO 107 P/L <THE EMD GROUP S/FUND A/C>	600,000	1.72
11	BRMP PTY LIMITED	500,000	1.43
11	KIERAN GREGORY RODGERS	500,000	1.43
11	ROBERT JOHN WARING	500,000	1.43
12	PAUL BROAD	410,830	1.18
13	EDGAR BARTROP	410,000	1.18
14	TROPPO RESOURCES PTY LTD	377,292	1.08
15	WARINCO SERVICES PTY LIMITED	343,200	0.98
16	GEORGE DJUHARI	312,500	0.90
17	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	300,000	0.86
18	PETER ROHNER + FIONA JANE MURDOCH <MELUECA A/C>	291,828	0.84
19	CORSTORPHINE SERVICES PTY LTD <CORSTORPHINE SUPER FUND A/C>	260,296	0.75
20	NETTS SPORTS PTY LTD	249,468	0.72
	Total of Top 20 Holdings	25,693,768	73.72
	Remaining Holdings	9,162,989	26.28
	Total Options Issued	34,856,757	100.00

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FOR THE YEAR ENDED 30 JUNE 2021

3. Securities Subject to ASX Escrow

The number and class of securities subject to ASX escrow that are on issue, and the escrow period on these fully paid ordinary (FPO) shares and options are as follows:

FPO Shares	Number of FPO Shares	Restriction Period
FPO Shares	600,000	12 months from the date of issue, escrowed until: 14 Nov 2021
FPO Shares	420,000	12 months from the date of issue, escrowed until: 20 Nov 2021
FPO Shares	180,000	12 months from the date of issue, escrowed until: 25 Nov 2021
FPO Shares	714,740	12 months from the date of issue, escrowed until: 7 Dec 2021
FPO Shares	160,000	12 months from the date of issue, escrowed until: 23 Apr 2022
FPO Shares	27,621,237	24 months from the date of reinstatement, escrowed until: 22 Jul 2023
Unlisted Options	Number of Options	Restriction Period
Options	120,000	12 months from the date of issue, escrowed until: 14 Nov 2021
Options	84,000	12 months from the date of issue, escrowed until: 20 Nov 2021
Options	36,000	12 months from the date of issue, escrowed until: 25 Nov 2021
Options	142,948	12 months from the date of issue, escrowed until: 7 Dec 2021
Options	32,000	12 months from the date of issue, escrowed until: 23 Apr 2022
Options	15,024,252	24 months from the date of issue, escrowed until: 22 Jul 2023

4. Voting Rights

The voting rights attached to each class of equity security are as follows:

At general meetings of the Company, each fully paid ordinary share is entitled to one vote per share without restriction. On a show of hands, every member present at a general meeting, or by proxy, shall have one vote and, upon a poll, each share shall have one vote. Option holders have no voting rights until the options are exercised into ordinary shares.

5. Stock Exchange Listing

The Company has been admitted to the Official List of the Australian Securities Exchange (ASX Code: R3D).

6. Use of Funds

In accordance with ASX Listing Rule 4.10.19, the Company advises that it has used its cash and assets in a form readily convertible to cash, that it had at the time of admission to ASX, in a way consistent with its business objectives, as set out in its Replacement Prospectus dated 26 May 2021. This statement refers to the time between the Company's admission to ASX and the end of the reporting period, being 30 June 2021.

7. On-Market Buy-Back

In accordance with ASX Listing Rule 4.10.18, the Company advises that there is no current on-market buy-back of shares in the Company.



R3D RESOURCES LIMITED

ABN 53 111 398 040